

CANADA 
INFRASTRUCTURE BANK

BANQUE DE L'INFRASTRUCTURE DU
CANADA 

CIB's Growth Plan to Invest in New Infrastructure

CORPORATE PLAN SUMMARY
2020-21 TO 2024-25



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Executive Summary



EXECUTIVE SUMMARY

Taking action to stimulate investment in infrastructure is more important than ever as Canada restarts from the pandemic and rebuilds the economy towards a more sustainable and equitable future.

The Canada Infrastructure Bank (CIB) is transforming the way infrastructure is planned, financed, and delivered in Canada, in cooperation with public and private partners. The CIB **will invest \$35 billion**¹ in order to increase investment in infrastructure in Canada.

The CIB will continue to focus on priority infrastructure for investment including **transit, green, clean power, broadband, and trade and transportation sectors**.

As described in this Corporate Plan Summary, the three responsibilities for the CIB – **to advise on, invest in, and develop knowledge and research about new infrastructure investment in Canada** – will be central as the CIB develops as a centre of expertise and delivers results.

Essential to the CIB's commitment to expand infrastructure in Canada is ongoing **collaboration with federal, provincial, territorial and municipal governments and Indigenous communities ("FPTMI")**, which are the public-sector sponsors and asset owners for infrastructure across the country.

The CIB attracts and leverages **private sector and institutional investment in revenue-generating infrastructure projects that are in the public interest**, and help to achieve FPTMI priorities.

Above and beyond mobilizing substantial amounts of capital for infrastructure in Canada, the CIB will continue working with governments at all levels and with private sector partners to explore new ideas for building the next generation of infrastructure that Canada needs.

In this context, the Canada Infrastructure Bank is moving forward with a **Growth Plan** to build infrastructure that will strengthen Canada's economic growth and accelerate Canada's transition to the low carbon economy.

The CIB intends to invest **\$10 billion across six initiatives over the next three years**. The CIB's leadership on infrastructure investment will result in a stronger, more sustainable economy over the long term. The Growth Plan builds on and complements progress to date, including the announcement of the CIB's participation in ten projects, and is a significant step in building for Canada.

The COVID-19 pandemic has disrupted businesses, communities and government balance sheets. Thinking differently about infrastructure renewal is critical at this challenging time, and we have taken a new approach to identifying priority areas for investment. Our Growth Plan is focused on investing in **transit for cleaner commutes including zero-emission buses, clean power, green infrastructure with focus on energy efficiency building retrofits, digital connectivity to significantly increase broadband access, and agriculture-related infrastructure in the context of trade and transportation expansion**. As well, the Growth Plan includes the potential to **accelerate project development and early works** on projects that are otherwise likely to meet the CIB's criteria for investment, consistent with the CIB's role to be a catalyst for investment across all priority sectors and Growth Plan initiatives.

The CIB's three-year Growth Plan will increase investments in these targeted areas:

- \$1.5 billion in investments in transit for cleaner commutes with an initial focus on zero-emission bus fleets, which will modernize bus transportation options, reduce greenhouse gases and reduce bus fleet operating costs over the long term;

¹ All amounts are expressed in Canadian dollars unless otherwise stated.

- \$2.5 billion for clean power investment, to facilitate interprovincial power transmission, power generation and storage;
- \$2 billion to improve the energy efficiency of existing buildings to incentivize large real estate owners (commercial, industrial and institutional sectors) and large public sector owners to modernize buildings, which will reduce greenhouse gases and operating expenses;
- \$2 billion for digital connectivity, with a goal of developing large broadband projects for Canadians in underserved communities;
- \$1.5 billion for trade and transport, focusing on transformative agriculture infrastructure projects, starting with major irrigation in Western Canada; and
- \$500 million to accelerate project development and early works activities in major infrastructure projects already in development that may lead to a CIB investment.

The initiatives identified for the Growth Plan are consistent with the Government of Canada’s priorities, the CIB’s mandate, and the goals of other levels of government and Indigenous communities. The Growth Plan initiatives are complementary to the CIB’s ongoing focus on infrastructure opportunities across all of its priority sectors. For example, public transit is a significant priority for provincial and municipal governments, and the CIB remains actively engaged on transformational and long-term light rail and bus rapid transit projects, as well as on subways and regional commuter rail.

As such, the 2020–21 to 2024–25 Corporate Plan Summary builds on work to date, including the CIB’s participation in ten projects across priority sectors and in various regions of the country, all of which is outlined in detail in the 2019–20 Annual Report. The CIB advanced projects in different regions of Canada including investments, investment commitments, memoranda of understanding and advisory engagements, and will continue to pursue these and other opportunities while moving ambitiously into a new phase of initiatives and results.

Using our infrastructure and investment expertise, we significantly increased work with public-sector and Indigenous communities to develop project opportunities for investment with the private sector. We are engaged in advanced discussions with potential private sector investors and project developers, suppliers, various provincial, territorial and municipal governments, Indigenous communities and other stakeholders on projects in the initiatives and sectors noted above.

We continue in our ambition to craft innovative, customized solutions that close the investment gaps on priority projects, supporting economic, social and/or environmental benefits. One of the CIB’s primary investment goals is to use its capital to crowd-in private investment, thereby substantially increasing total infrastructure investment in Canada. The CIB will also invest to prove the viability of investment concepts and new investment opportunities thereby opening new markets for private sector participation in projects in Canada. By actively participating in the development and structuring of new investments with the private sector, the CIB will close gaps that exist in projects, extend the reach of public investments and extend the impact of public dollars for infrastructure in Canada.

The CIB will attract private capital and transfer risk to the private sector in a balanced and bespoke manner, assessing and taking into account if such private capital is available and most efficiently utilised at the financial close of a project or at some other point over the ramp-up period or lifetime of the project. This means that the timing of attracting net new private capital to infrastructure projects is flexible and can vary across any period of a project lifecycle, as required and appropriate. The CIB’s overall goal has been and remains, that private capital will be utilised at the earliest possible appropriate time, having regard to all of the circumstances and objectives of a particular project.

The CIB uses a thorough and comprehensive investment decision-making process for all investments under the supervision of the CIB Board of Directors (“the CIB Board” or “the Board”), as outlined in this Corporate Plan Summary.

All funds required to implement the CIB's investments in priority sectors and the Growth Plan are part of the existing mandate to invest \$35 billion in new infrastructure, in cooperation with public sponsors and private and institutional investors.

In summary and as outlined in this Corporate Plan Summary, the CIB has **five strategic priorities** for the planning period:

1. **Deliver the CIB's Growth Plan;**
2. **Catalyze new infrastructure projects and new categories of infrastructure;**
3. **Attract private and institutional capital to Canadian infrastructure projects;**
4. **Promote creativity, new ideas and evolution in infrastructure practices; and**
5. **Build a high performing and effective institution.**

The CIB's strategic priorities are aligned with the CIB mandate and expected results as outlined in this Corporate Plan Summary. The CIB anticipates that it will have a significant impact on new investment in infrastructure that can create jobs and reduce greenhouse gases. The CIB will continue to be accountable through its Board of Directors to the Minister of Infrastructure and Communities, and more broadly to Parliament and Canadians. The CIB will also continue to collaborate with the Minister of Finance as outlined in the *Canada Infrastructure Bank Act* ("the CIB Act") and the Minister of Finance's mandate letter.

To achieve our planned objectives in this Corporate Plan Summary, we will continue to build our internal capacity located in Toronto while remaining focused on working with partners across the country. The CIB team has already added specialized expertise and will continue to be represented in western Canada, engaged in Quebec and collaborate with Indigenous communities and leaders.

The Corporate Plan Summary includes forecasted operating costs over the forward five-year planning period on an accrual basis.

The CIB's future funding amounts for investments as noted in the capital expenditure budget are a best estimate of cash required based on our current investment outlook. The investing pace will vary by project and may change over time; therefore, we will work closely with the Department of Finance to review the impact of investments on estimates and cash requirements.

In the context of the COVID-19 pandemic, the safe reopening of the economy and efforts to strengthen economic growth, the 2020-21 to 2024-25 Corporate Plan Summary, including the Growth Plan, is targeted to play a constructive role in infrastructure investment for the initial three-year period.

In its next corporate plan for 2021-22 and beyond, the CIB will present a longer-term strategy under the guidance of the Board, the new CEO and senior management.

1.0 Overview



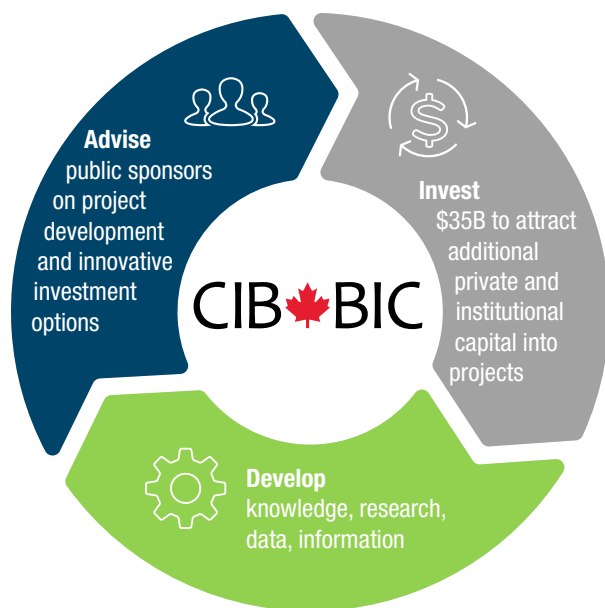
1.0 OVERVIEW

1.1 Vision and Mission

The CIB is part of the long-term solution to create substantial, positive impacts on the structure and success of Canada's economy. The CIB will influence Canada's ability to achieve sustainable and equitable economic growth and the transition to the low carbon economy.

The CIB is an additional tool for federal, provincial, territorial, municipal government and Indigenous community project sponsors to combine public funding and private and institutional investment for their infrastructure priorities.

The CIB will work closely with FPTMI partners and private and institutional investors to advise on, invest in, and develop knowledge and research about new infrastructure investment in Canada. These three central responsibilities define the CIB's development as a centre of expertise.



The CIB attracts and leverages private sector and institutional investment in revenue-generating infrastructure projects that are in the public interest.

In cooperation with public and private partners, the CIB will invest \$35 billion in order to substantially increase investment in new infrastructure in Canada.

The CIB continues to focus on priority sectors for investment including the initial transit, green and trade and transportation sectors, the broadband sector added in Budget 2019, and the clean power sector added to the 2019 mandate of the Minister of Infrastructure and Communities. Together, these five sectors serve as the focal point for the CIB's work, including in the new Growth Plan outlined in this Corporate Plan Summary.

The CIB will continue to evaluate and develop other advisory and investment opportunities, including the rail corridor project between Quebec City and Toronto. More generally, the transit sector continues to be particularly important for the CIB's advisory and potential investment opportunities with FPTMI partners. The Growth Plan is complementary to the existing and ongoing work that the CIB is doing across priority sectors.

In these challenging and unprecedented times caused by the pandemic, the CIB, under the leadership of its Board of Directors, is accelerating and focusing its multi-year infrastructure investment plans to play a constructive role in supporting Canada's economic recovery. In the next three years, our focus will be making investments in areas that provide immediate economic impact and produce long-term positive outcomes. The CIB's \$10 billion Growth Plan launching in 2020 will deliver investments in key areas.

Our Growth Plan includes initiatives in six areas of focus: transit for cleaner commutes including zero-emission buses, clean power such as interties, green infrastructure with focus on energy efficiency building retrofits, broadband connectivity, and agriculture-related infrastructure starting with irrigation that is linked to trade and transportation, as well as infrastructure project acceleration across all CIB initiatives.

The Growth Plan is consistent with our role to advise governments on, make investments in and develop knowledge and research as a centre of expertise.

CIB Growth Plan: \$10 Billion



Public Transit	Clean Power	Green Infrastructure	Broadband	Trade and Transport
<p>Growth Plan: \$1.5B for zero-emission buses</p> <p>Long-term sector target: \$5B for ZEBs, LRTs, BRTs, subways, transit oriented development, commuter inter-regional and passenger rail</p>	<p>Growth Plan: \$2.5B for clean power</p> <p>Long-term sector target: \$5B for clean power, renewables, district energy, storage, interties, transmission</p>	<p>Growth Plan: \$2B for energy efficient building retrofits</p> <p>Long-term sector target: \$5B for energy efficient building retrofits, water, wastewater, other green infrastructure</p>	<p>Growth Plan: \$2B for large-scale broadband projects</p> <p>Long-term sector target: \$3B for unserved and underserved community broadband connectivity</p>	<p>Growth Plan: \$1.5B for agriculture-related infrastructure</p> <p>Long-term sector target: \$5B for agriculture-related infrastructure, ports, freight, highways, roads, bridges, tunnels</p>
<p>Growth Plan: Project Acceleration \$500 million for project development and early works to shorten critical paths to construction</p>				


Partnerships with Provinces, Territories, Municipalities, Indigenous Communities and the Private Sector

The success of the Growth Plan will be demonstrated through broad-based outcomes such as:

- a reduction in greenhouse gas emissions;
- a higher number of premises connected to high speed broadband internet;
- an increase in acreage of irrigated land, resulting in increased crop yields; and
- economic growth such as increased job creation.

The Growth Plan initiative projects are collectively expected to result in GHG emissions reductions that will contribute to Canada’s long-term goals. It is estimated that 60,000 jobs will be generated through the \$10B Growth Plan. Estimates on the number of premises that will connect to high speed broadband range from 600,000–900,000, and large-scale irrigation projects being assessed are expected to result in an additional 700,000 acres of irrigated farmland in Western Canada². All of these anticipated positive impacts will be reported on in our subsequent annual reports.

The CIB will execute the Growth Plan by advising public sponsors on their projects, seeking to attract private and institutional partners to co-invest in projects, and developing a portfolio of revenue-generating infrastructure projects that provide public benefits.

While the CIB is guided by investing \$35 billion in priority sectors, the CIB is refining its approach which is a natural evolution of the organization and the mandate. This evolution, which can be described as a shift from a “project by project” approach to a “program-based” approach, will empower the CIB to take a leadership role particularly in delivering on innovative investments in infrastructure with oversight and accountability provided by the CIB Board.

The methods to attract private sector investment and create new ways to pay for transformational infrastructure are consistent with the rigorous Investment Policy and approvals processes within the CIB. That approvals process begins with the sourcing and development of projects by highly

² These preliminary estimates of potential outcomes are based on CIB internal analysis using external information from project sponsors or proponents, expert reports, third-party advisors or other credible sources available.

skilled and experienced investments professionals, and progressively requires the approvals of the CIB's Chief Investment Officer, the Management Investment Committee, the Investment Committee of the CIB Board of Directors and ultimately the CIB Board of Directors.

A positive and distinguishing attribute of the CIB is that it will work with project sponsors, including governments across Canada, to customize investment solutions that attract private capital while achieving goals that benefit Canada.

The CIB attracts and leverages private sector and institutional investment in revenue-generating infrastructure projects that are in the public interest. Over time, this could also involve the expansion of usage-pricing and/or revenue risk transfer from the public to the private sector. Catalyzing revenue-generating projects is a distinct element of our role and a new approach to infrastructure delivery in Canada. The CIB's financing can be provided using multiple financial tools, such as equity, loans, derivatives, or other products to support certain transformational infrastructure projects that would otherwise be

delivered traditionally by using grant funding, or not delivered at all.

The CIB will employ investment approaches and project structures that lead to private sector investment over the lifecycle of a project. The CIB will be innovative with investments not just up front at the onset of projects but potentially over the lifecycle of a project with private capital being attracted at later stages of project execution and operations. Also, CIB financing could be used to enable up-front investments in infrastructure assets that create savings over the project lifecycle, therefore creating new value and cash flows that would otherwise not exist but for the CIB investment. This approach has the effect of extending the reach of public investments. Balancing risk transfer with the private sector and public sector partners will always be an important consideration for any CIB investment.

The CIB will continue to develop as a centre of expertise for infrastructure investment and will continue to increase its impact through related knowledge and research policy, strategy and initiatives.

1.2 Purpose and Authorities

The CIB Act sets out our purpose as follows:

The purpose of the Bank is to invest, and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.

Parliament has authorized \$35 billion and given us the ability to participate in complex infrastructure deals in new and innovative ways.

We are authorized to perform the following functions:

- Act as a centre of expertise;
- Provide advice to all levels of governments;
- Structure proposals and negotiate agreements;
- Invest in infrastructure projects;
- Receive unsolicited proposals;
- Collect and disseminate data; and
- Foster evidence-based decision making.

1.3 Governance and Accountabilities

The CIB is subject to the provisions of the CIB Act, federal legislation and policies that apply generally to Crown corporations including the *Financial Administration Act*, the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*. The CIB aligns with Treasury Board guidance and directives for Crown corporations.

The CIB is governed by an independent Board of Directors and operates at arm's length from government, ensuring that transactions are executed with commercial due diligence and discipline and high levels of expertise. The CIB Board approves and oversees the strategy of the organization, including planned results as outlined in this Corporate Plan Summary, and is actively involved in risk oversight and investment decision-making.

While independent in its operations, the CIB is accountable to the Government of Canada and Canadians. The CIB reports to Parliament through the Minister of Infrastructure and Communities (the designated Minister). The Minister establishes our overall direction and high-level priorities through the Statement of Priorities and Accountabilities (SPA) and other guidance provided to the Chair of the Board.

Consistent with the CIB Act, the CIB works closely with Infrastructure Canada and Finance Canada to seek approval of the Minister of Infrastructure and Communities and concurrence from the Minister of Finance to recommend the CIB's corporate plan for the approval of the Governor in Council, and to recommend the CIB's operating and capital budgets for approval of Treasury Board. As indicated in the Prime Minister's mandate letter to the Minister of Finance, the Minister of Finance will support the Minister of Infrastructure and Communities in ensuring that the Canada Infrastructure Bank has the support it needs for its core purpose of attracting private sector and institutional investment to expand the scope of public infrastructure investment in Canada.

More information on our corporate governance structure and the Board's authority and accountabilities is available in Appendix B.

The CIB's organizational structure, approved by the CIB Board of Directors, is designed to deliver on the *Canada Infrastructure Bank Act*, SPA and other relevant directions from the Minister and Government. The Chief Investment Officer has responsibility for all Advisory and Investment initiatives, as well as for the Asset Management of all investments. The Chief Financial Officer and Chief Administrative Officer is responsible for all corporate finance, audit, risk management, legal, information technology and human resource matters. The Group Head, Corporate Affairs, Policy and Communications, has responsibility for Knowledge and Research, in addition to corporate planning, government relations, policy, external stakeholder relations, media and communications.

This organizational structure enables greater synergies and collaboration across the organization, increases interconnections between the Advisory, Investment and Knowledge and Research areas, and fosters a focus on results and accountability.

The CIB's 2019-20 Annual Report also contains more information on our main activities, principal programs and financial condition.

2.0 Operating Environment



2.0 OPERATING ENVIRONMENT

Both the public and private sectors have experienced significant disruptions due to the COVID-19 pandemic, and Canada has been significantly impacted by this crisis. The pandemic is having a major impact on the global and Canadian economies. According to the Bank of Canada, “every sector of the Canadian economy is affected... The public health actions needed to contain the spread of the virus... while necessary, are themselves going to significantly impact economic activity.”

The COVID-19 pandemic caused governments worldwide to enact emergency measures to combat the spread of the virus and provide financial relief for individuals and businesses. This will constrain public budgets, making the involvement of the private sector in infrastructure even more important. The pandemic

has led to high levels of unemployment, disrupted businesses and trade globally, and increased operating uncertainty for Canadian businesses.

Planning for the restart of the economy is critical and there is consensus that investment in infrastructure will be part of the solution. Innovative financing for infrastructure, such as that undertaken by the CIB, will be even more important to enable productivity and growth. Rebuilding after the pandemic is an opportunity to further address the infrastructure gap and support economic growth.

This section describes trends and opportunities in the external business environment, and how the CIB’s internal environment has evolved.

2.1 External Environment

Canadian Infrastructure Market and Intergovernmental Dynamics

Building public infrastructure has historically involved the private sector, whether it has been responsible for the design and build in a traditional procurement model, or through the entire lifecycle in availability-based public-private partnership (PPPs). According to the Canadian Council for Public-Private Partnerships³, PPPs are responsible for 281 projects across Canada with those already in operation or under construction valued at \$136.9 billion, including hospitals, courthouses, highways and bridges, and transit.

Current Canadian PPP models are typically availability-based payments without a transfer of revenue risk that allows for higher debt leverage, limiting the amount of equity capital required or raised from the private sector. In addition, even where PPPs are used, provincial governments have steadily increased completion payment amounts, which substitutes public capital for private investment,

thus missing an opportunity to manage some fiscal pressures.

Project opportunities in Canada continue to be significant as shown in the recently released Infrastructure Ontario pipeline. As well, the model to deliver large and complex projects continues to evolve with discussion by public sponsors and market participants about risk transfer, finance and procurement and delivery approaches that allow more innovation and collaboration with the private sector.

Public-private delivery models are in addition to more traditional grant-based investment tools. The Government of Canada’s Integrated Bilateral Agreements (IBAs), implemented by Infrastructure Canada with provincial and territorial counterparts, provide funding for priority projects, as do other federal departments and programs. In addition, Infrastructure Canada has also accelerated funds

³ Available at: www.pppcouncil.ca/web/News_Media/2019/In_Era_of_Voter_Anger_Canadians_Continue_to_Support_P3s_to_Build_Critical_Infrastructure.aspx?WebsiteKey=712ad751-6689-4d4a-aa17-e9f993740a89

through the gas tax agreements in order to support additional municipal infrastructure priorities.

Federal budgets in recent years put emphasis on addressing climate change and clean growth opportunities. Most recently, Budget 2019 emphasized

Cooperation with Public Sponsors

The CIB has done extensive outreach with public sponsors to understand their infrastructure plans and priorities, and find opportunities for partnership. Engagement with FPTMI entities will be key to our success in the coming years.

The CIB has been invited by various provinces and territories to examine their capital plans to better understand, advise on, and potentially invest in projects that are priorities for those governments.

Our participation in ten publicly announced projects to date demonstrates positive momentum in recognizing the benefits of working with the CIB, and an increased willingness among public sector sponsors to consider alternative models involving greater private sector participation.

A number of provincial governments have ambitious capital programs and have signalled interest in pursuing innovative approaches to projects in partnership with the private sector. Quebec has significant capital requirements and a recent history of successful projects that involve the private sector and are revenue-

opportunities with municipalities, including infrastructure to modernize water and wastewater and community energy systems. It also reiterated the importance of planning and financing projects that improve access to affordable, reliable and clean electricity in the most effective way.

generating. Ontario and Alberta have deliberate policy and project commitments where the private sector could be more involved; for example, Ontario recently announced its unsolicited proposals framework. In the mandate letter to Manitoba cabinet ministers, the Premier of Manitoba indicated his interest in working with the CIB on innovative approaches to infrastructure investment, particularly related to water-related infrastructure in the City of Winnipeg.

There is a significant infrastructure gap facing Indigenous communities across Canada, and the CIB works with First Nation, Métis and Inuit populations to understand their needs and to create opportunities for collaboration on projects. Consistent with the mandate letter for the Minister of Infrastructure and Communities, the CIB will make it a priority to work towards solutions to this considerable challenge and create opportunities for much needed new infrastructure. Our emphasis will be on collaborating closely and directly with Indigenous communities as well as with all other existing initiatives that facilitate and promote new infrastructure for Indigenous communities.

New Structures for Infrastructure Investment

The CIB aims to act as a catalyst to move the Canadian infrastructure market towards better optimized risk transfer, balancing government construction-period contributions with long-term risk transfer over the asset lifecycle, greater private sector investments, and the expansion of usage revenue and/or revenue risk transfer over time. By attracting private capital, we aim to reduce costs to government and help deliver more infrastructure than would have been possible using public funds alone.

The CIB encourages transferring operational, maintenance, usage and/or revenue risk to the private sector where appropriate. Consequently, private and institutional investors are more likely to be motivated to ensure that projects are efficiently planned, developed, executed and managed.

There may be situations where the direct transfer of operating risks, usage and/or revenue risks to a private partner may not be an appropriate, effective or value-added solution. In those circumstances, the CIB has the expertise to ensure that the ultimate project structure

developed will be optimized based on the sector, asset class, unique project characteristics, ability to transfer risks, market acceptability and policy considerations.

See Appendix I for more information about project delivery models.

2.2 Internal Environment

Board of Directors

The CIB is governed by an independent Board of Directors, which is responsible for oversight and strategic direction. It approves and monitors corporate objectives and investment commitments, ensuring the business is executed with good governance practices, and effective monitoring of risk and financial performance.

The CIB Board has established strong governance and control processes and will continue to enhance and

evolve these processes as the Investment, Advisory and Knowledge and Research activities increase.

Leadership changes have taken place at the Board and executive levels. The CIB welcomed Michael Sabia as new Chair in April 2020. On October 29, 2020, a new Chief Executive Officer was announced by the CIB Board of Directors.

Please refer to Appendix B for more information about corporate governance.

Staffing and Expertise

The CIB is prudent and responsible in planning and managing its resources to align with requirements.

We closely monitor workloads and volume of activity to ensure that additional resources are hired as required to meet business needs.

More than half of our employees are advisory and investment specialists, while other employees perform essential roles in risk management, legal, communications, policy, research, public affairs, finance, human resources, and administration.

The recruitment and retention of specialized experts in infrastructure investment has occurred in the context of a highly competitive labour market. All employees' compensation is set within the context of the overall compensation framework established by the CIB Board.

With approximately 50 people as of June 30, 2020, the CIB is very mindful of being a model for inclusion and diversity. For example, forty-one percent of our team members identify as visible minorities, forty percent are women, and thirty-three percent are bilingual.

Operating Standards and Systems

The increase in the number of infrastructure projects under development and review, the establishment of formal decision-making committees, and further enhancement of controls and accountability practices reflect a maturing organization.

As described in Appendix B, the Executive Committee and Management Investment Committee (MIC) provide organization-wide strategic direction and project-related advisory and investment direction for the CIB.

The CIB is also implementing systems to help streamline processes and support future growth as we expand our business. These systems will improve efficiencies while increasing control through the automation of workflows and audit trails. We also upgraded our information technology and document protection tools in 2019-20, as a high level of data security is fundamental in how we do business.

2.3 Ministerial Direction

As outlined in the Prime Minister's mandate letters to Cabinet Ministers, the CIB's collaboration with the Minister of Infrastructure and Communities and Minister of Finance, as well as other Ministers, will be essential to pursuing many of the government's policy goals and the CIB's priorities.

The Chair of the CIB Board is in discussions with the federal government about forward-looking priorities

and accountabilities to guide the development of the CIB's longer-term plan.

In the meantime, the CIB is guided in its activities by the December 2017 SPA, sent from the Minister of Infrastructure and Communities to the inaugural Board Chair.

2.4 Government-wide Reviews

CIB management and employees collaborate closely with officials in various federal departments, including Infrastructure Canada, Finance Canada, Transport Canada, Natural Resources Canada, Innovation, Science & Economic Development Canada, Environment & Climate Change Canada, Indigenous Services Canada and Treasury Board of Canada Secretariat, to ensure the CIB's corporate and investment plans align with government priorities and guidance.

The Office of the Auditor General of Canada (OAG) and an independent external auditor jointly audit the corporation's annual financial statements to verify that they fairly reflect the CIB's operating results and financial position. The OAG will conduct a special examination at least once every 10 years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

To ensure that the CIB is delivering on its mandate and government priorities, the Minister undertakes a review of the legislative provisions and operations of the CIB Act every five years. The first review is scheduled to be undertaken in 2022.

3.0 Objectives, Activities, Risks, Expected Results and Performance Indicators



3.0 OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND PERFORMANCE INDICATORS

3.1 Strategic Priorities for 2020-21 to 2024-25

To start 2020-21, leadership changes at the CIB Board and executive levels and the coronavirus pandemic caused the CIB to reassess the operating environment and develop new ways to restart Canada's economy, create jobs and stimulate long-term prosperity. Thinking differently about infrastructure renewal is critical at this time. Expanded partnerships with the private sector are required to accelerate new investment.

In light of the economic and fiscal pressures caused by the COVID-19 pandemic, the CIB is taking a new approach in identifying additional and complementary priority areas for investment that can shape Canada's economy for the future.

One of the CIB's primary investment goals is to use its capital to crowd-in private investment, thereby substantially increasing total infrastructure investment in Canada. The CIB will also invest to prove the viability of investment concepts and new investment opportunities thereby opening new markets for private sector participation in projects in Canada.

The CIB will continue pursuing opportunities to work with provinces, territories, municipalities and Indigenous communities to close the investment gaps on their priority projects across all priority sectors including those highlighted in the Growth Plan.

In addition, the CIB will continue to assess other infrastructure opportunities to invest in, including for example, the rail project between Quebec City and Toronto.

Our strategic priorities for the five-year planning period are described below. They are informed by our legislated purpose, our vision and mission, and our

shareholder's priorities including the mandate of the Minister of Infrastructure and Communities.

1. Deliver the CIB's Growth Plan.

The CIB's \$10 billion Growth Plan launched in 2020 will deliver investments in six areas of focus: transit for cleaner commutes including zero emission buses, clean power such as interties, green infrastructure focusing on energy efficiency building retrofits, digital connectivity to improve broadband, and agriculture-related infrastructure linked to trade and transportation, as well as accelerating project development and early works.

This strategic priority is related to the functions, as described in the CIB Act:

- Act as a centre of expertise;
- Provide advice to all levels of governments;
- Structure proposals and negotiate agreements;
- Invest in infrastructure projects;
- Receive unsolicited proposals; and
- Foster evidence-based decision making.

2. Catalyze new infrastructure projects and new categories of infrastructure.

As a catalyst for change in the way projects are planned, financed and delivered, we will further engage with public sponsors to identify and structure priority projects such that more, new infrastructure is delivered to Canadians with effective use of limited public financing and funding.

This strategic priority is related to the functions, as described in the CIB Act:

- Act as a centre of expertise; and
- Provide advice to all levels of governments.

3. Attract private and institutional capital to Canadian infrastructure projects.

We will continue to attract investment from private-sector and institutional investors in new infrastructure projects that generate revenue and that are in the public interest.

This strategic priority is related to the functions, as described in the CIB Act:

- Act as a centre of expertise;
- Structure proposals and negotiate agreements;
- Invest in infrastructure projects;
- Receive unsolicited proposals; and
- Foster evidence-based decision making.

4. Promote creativity, new ideas and evolution of infrastructure practices.

Using our innovative financing expertise, and drawing on new knowledge and research, we will encourage public sponsors, procurement agencies, advisors and investors to consider more risk-sharing when planning new infrastructure projects.

This strategic priority is related to the functions, as described in the CIB Act:

- Act as a centre of expertise;
- Provide advice to all levels of governments;
- Receive unsolicited proposals;
- Collect and disseminate data; and
- Foster evidence-based decision making.

5. Build a high performing and effective institution.

We are entrusted with investing public funds and take this responsibility seriously. We are committed to being an efficient, effective organization that acts with integrity.

In pursuit of our strategic priorities and to better collaborate with public sponsors on their priority projects and to propose innovative financing at early stages, it is important to have a targeted regional presence. We have established a bilingual team of experts in Quebec, which enables the CIB to provide more service in French and to engage actively with the Government of Quebec. We also hired one expert based in Calgary to focus on advisory and investment for Western Canada and hired an expert to advance Indigenous relationships and project opportunities.

While pursuing our strategic priorities, the CIB Board Chair and new CEO are expected to further develop a strategic plan with longer term priorities for the CIB as part of future corporate planning.

This strategic priority is related to the functions, as described in the CIB Act:

- Act as a centre of expertise; and
- Foster evidence-based decision making.

In its next corporate plan for 2021-22 and beyond, the CIB will present a longer-term strategy under the guidance of the CIB Board, the new CEO and senior management.

3.2 Advisory Outlook

Guided by our strategic priorities, the CIB will focus on the following advisory outcomes in the 2020–21 to 2024–25 planning period:

- Build productive relationships with public sponsors across Canada;
- Deploy the CIB’s expertise and capacity to provide value-added advisory services and work with public and private entities to support infrastructure investment in our priority areas;

- Influence public and private market participants to increasingly use the CIB in order to deliver more infrastructure in the public interest;
- Broaden the network of intergovernmental relationships with public sector entities; and
- Position Canada as an attractive market for infrastructure investment.

To achieve these outcomes, we have set specific 2020–21 initiatives and targets as well as longer-term targets in Appendix C.

Advisory Approach

As an active partner in the early stages of a project, we provide advice to public sponsors in order to inform their decisions about infrastructure priorities. Our Advisory and Investments team engages from initial project development through advisory services to potential investment decision. The CIB can have the most significant impact by taking on advisory mandates at the early stages of potential projects, to help public sponsors bring more innovation, options and structures to their planning.

We will continue to take a systematic and disciplined approach to advising public sponsors on infrastructure projects with revenue-generation potential and possible participation by CIB and private and institutional investors.

In 2019–20, we implemented a project origination and execution process. The early steps in our project origination and execution process (intake, appraisal and advisory) involve our Advisory and Investments teams’ project development and investment experts providing advice. More advanced projects that proceed to investment decisions (financial structuring, negotiations

and approvals) are done under the direction of the Chief Investment Officer, the Management Investment Committee and the Investment Committee of the Board.

We are advising on and have allocated \$55 million in funding for planning and pre-procurement work to transform the rail corridor between Quebec City and Toronto. We are working with VIA Rail Canada collaboratively, by way of a Joint Project Office, to further develop options for this important corridor.

The Joint Project Office demonstrates how the CIB, in collaboration with other federal departments and a Crown corporation, can advance a project by focusing on:

- finalizing legal and regulatory work related to safety and environmental assessments;
- consulting with stakeholders and Indigenous communities;
- examining required land and track acquisition; and
- completing the technical, financial and commercial analysis required for a final investment decision.

Advisory Outreach

The CIB is building relationships with other levels of government through our advisory work. We aim to use the CIB’s concessional financing and our expertise to encourage public sponsors, procurement agencies, advisors and investors to consider more risk-sharing when planning new infrastructure projects.

Proactive engagement with Alberta grew throughout 2019, culminating in a November 2019 mission in which CIB executives met with provincial and municipal leaders. In June 2020, we announced our first partnership with the government of Alberta, on the Calgary–Banff Rail Project. The Alberta

government committed in its budget to invest in capital projects and has signalled its intention to use project models involving the private sector.

We are assisting the Government of Northwest Territories in developing the financial structure and business case for the proposed Taltson Hydroelectricity Expansion Project.

The Manitoba government would be a key partner in the potential Kivalliq Hydro Fibre Link project, which would deliver renewable and reliable hydroelectricity from Manitoba to Nunavut. Fibre optic cabling is also part of the proposal. Also, Manitoba has indicated the province's interest in innovative approaches to infrastructure investment, such as in wastewater treatment.

In Ontario, the CIB has established regular meetings with senior infrastructure leaders to share project and market information and coordinate efforts for mutual benefit. There are significant opportunities and overlapping areas of interest in transit, transportation, green infrastructure and broadband.

We continue to have extensive engagement in Quebec with multiple public sector entities, such as the Quebec Ministry of Transportation, the Quebec Ministry of Economy and Innovation, and others at the provincial and municipal level. This has allowed the

identification of key infrastructure projects across the province in our priority areas.

We continue to participate in the multilateral Atlantic Clean Power Planning Committee. This inter-jurisdictional committee is developing a roadmap to build a clean power network across Atlantic Canada, which would include interconnection between provincial electric grids.

Engaging the municipal sector is important, since regional and municipal governments are owners of the majority of infrastructure assets in Canada, and often the public sector sponsors of large, transformational projects. Public transit, broadband and green infrastructure in particular are overlapping interests for the CIB and municipalities.

The CIB recognizes the Crown has a duty to consult, and where appropriate, accommodate Indigenous communities when the Crown considers activity that might adversely impact potential or established Aboriginal or treaty rights. Many Indigenous communities have also expressed an interest in working with the CIB to further advance infrastructure projects on their traditional territories and in their communities. This is a significant opportunity and the CIB has expanded its Advisory and Investment team to include the necessary expertise to advance Indigenous relationships and project opportunities aligned with the CIB's purpose and functions.

Development of a Project Inventory Pilot Project

The CIB's development towards a national inventory of projects continued into early 2020–21. Planning and development of an inventory as a pilot project included the definition of a scope of what public infrastructure projects could be included in the inventory. Given the intergovernmental aspect of infrastructure, consultation with and sign-off by other jurisdictions is a key factor regarding an inventory. The CIB and Infrastructure Canada will further assess the best path forward in terms of potential for the inventory pilot project.

3.3 Investment Outlook

The CIB is a unique tool to make innovative investments in revenue-generating infrastructure that is in the public interest.

Financing available from the CIB differs from that which is available through government programs. We complement and extend traditional forms of infrastructure funding by using a variety of financial instruments to invest in projects.

Our investment commitments can take the form of equity, debt (senior and subordinated debt), or a combination thereof, and will include appropriate amounts of private sector capital. The specific amount

of private capital in any given transaction will vary by sector and by specific project.

We will focus on the following investment outcomes in the 2020–21 to 2024–25 planning period:

- Influence investment structure on projects, sectors or asset classes;
- Maximize infrastructure built from federal investment;
- Facilitate new sources of revenue for infrastructure;
- Promote delivery of environmentally friendly and resilient infrastructure; and
- Advise on and invest in projects in all priority sectors.

CIB Investment Execution and Accountability CIB Investment Policy and Decision-Making Process

The goal to attract private sector investment and create new ways to pay for transformational infrastructure are codified with the CIB Board approved Investment Policy and approvals processes within the CIB.

That investment process begins with the sourcing and development of projects by highly skilled and experienced investment professionals, and through the process requires the sequential approvals of the CIB's Chief Investment Officer, the Management Investment Committee, the Investment Committee of the Board and ultimately the CIB Board of Directors.

The CIB's Investment Policy and investment decision-making process are rigorous and comprehensive. Internally, this involves the documentation of project information at the early stages of project intake, which includes:

- a description of the project, including anticipated capital cost, jurisdiction and potential CIB investment type and amount;
- the rationale for a potential CIB investment, including the CIB's confirmation that the project is aligned with government policy and priorities and is infrastructure in the public interest in an approved sector;
- an assessment of why private capital is not likely, on its own, to be available to finance the project; and
- an understanding of any known public and private sector sponsors involved in the project.

Projects that are determined to be out-of-scope by the CIB are documented and tracked. Reasons for projects being deemed to be out of scope can be as a result of, but not limited to, for example, being outside the approved CIB sectors, a lack of alignment with government priorities, and being financeable in the private sector. Projects that continue through the project development process are tracked in internal systems.

There are parameters or factors that are consistently applied to any project during its lifecycle, which are applied in a consistent way, across all priority sectors including Growth Plan initiatives. For example, parameters or factors include but are not limited to:

- **Priority sectors** – The CIB is focused on transit, clean power, green, broadband and trade and transportation. These sectors directly relate to the Growth Plan initiatives.
- **Cooperation with federal partners** – An important input into the CIB's assessment on sector and/or project opportunities is understanding the federal government policy and program linkages. The CIB will ensure that it considers the priorities and positions of Infrastructure Canada and other government departments who have relevant policy ownership. For example, the CIB actively works with Infrastructure Canada on public transit, Natural Resources Canada on clean power, Environment and Climate Change regarding green

infrastructure, Innovation, Science and Economic Development on broadband, Transport Canada on trade and transportation as well as Agriculture Canada regarding agriculture-related infrastructure. Regional Development Agencies also have an important role on relationships and stakeholder dynamics around potential projects, as well as broader understanding of FPTMI considerations. Consistent with the informal collaboration with federal departments, the CIB may, where appropriate, enter into collaboration agreements with departments on an ad hoc basis to confirm cooperation on sectors or initiatives. The CIB and Infrastructure Canada will continue to collaborate on sharing information related to other existing and new government infrastructure programs or other departmental programs that relate to the CIB's priority sectors. All projects must align with or compliment the policies of the departments who own the sector policy.

- **Advising public sponsors on project opportunities** – The CIB engages with FPTMI partners on potential investment opportunities at the earliest possible stage starting from the ideation stage in order to influence thinking, shape structuring and offer expert advice that can help public sector sponsors to consider innovative approaches to investing. The CIB advises public sponsors, at no cost to them on opportunities that have a good probability of leading to a future CIB investment, which is to say that the CIB is selective about advising on opportunities that are anticipated to be transformational and attract private and institutional investment.
- **Due diligence** – Due diligence on projects is provided by the CIB's internal team of infrastructure investment experts, supplemented by external analysis as required that could include commercially confidential market soundings and third-party expert analysis on technical, financial, legal and other matters. The CIB's due diligence includes but is not limited to a review of the business case, an assessment of private capital available for the project, the main elements of the financial forecasts, the project structure, the procurement process and project lifecycle risks. All of this activity is undertaken to establish whether the project is

financially viable and meets the CIB's investment criteria. As part of its normal course process of due diligence on all initiatives and projects, the CIB engages external expert legal counsel to advise it on all legal issues that may potentially arise. This includes the identification of and compliance with all relevant Trade Agreements.

- **Investment size and structure** – The CIB invests in projects to attract private and institutional capital, thereby extending the reach of public dollars so that more infrastructure is built. The amount and form of investment is tailored to each project and/or program in order to also transfer appropriate risk relative to private sector returns, while balancing the protection of the CIB's investment.
- **Timing of investment** – The CIB will attract private and institutional capital and transfer risk to the private sector in a bespoke manner, assessing and taking into account if such private capital is available and most efficiently utilised at the financial close of a project or at some other point over the ramp-up period or lifetime of the project. This means that the timing of attracting private capital to infrastructure projects is flexible and can vary across any period of a project lifecycle, as required and appropriate.
- **Investment pricing** – Investments made by the CIB are tailored to each project and targeted to fill the financial gap in a project. As such, the CIB prices its investments (debt or equity) to solve for the financial gap in the project that is preventing the project from getting financed. In setting pricing, the CIB also ensures a market appropriate return for private investors so that investors are not earning above market returns due to the investment of CIB capital. One of the tools used by the CIB to accomplish this is to include a gainshare mechanism in its investment structures to ensure that if such outsized returns materialize, they are shared with the CIB.
- **Risk transfer** – The CIB invests in new, revenue-generating infrastructure built in the public interest, that attracts investments from private sector entities who are expected to bear significant risks and achieve reasonable returns for the risks that they bear. These risks may include development, construction, completion, revenue and usage risk.

- **Risk tolerance** – The CIB is intended to participate in projects and have a tolerance for risk that is higher than traditional forms of public sector funding. The risks are monitored and reported to the CIB Board. The CIB’s approach towards risk is a function of the CIB’s public policy mandate and its role in the marketplace. The CIB’s investment activities are subject to the risk management principles identified in the CIB’s Enterprise Risk Management Framework.
- **Post-investment monitoring** – The CIB actively monitors the portfolio and each of its investments to ensure that all conditions of the investment as identified during the investment process above are met, to understand any shift in the investment’s risk profile and to assess the value of each investment. In addition to prudent portfolio management, this process also helps to inform and where warranted, modify approaches to future investments. The CIB will conduct a formal review of each investment on at least an annual basis.
- **Public communications** – The CIB may communicate to the public its participation in

projects such as formalized advisory engagements, memoranda of understanding, investment commitments pre-financial close, investment commitments at financial close, project construction milestones such as early works or interim and substantial completion, and refinancing an existing investment. An element that is important to public communications is also proactively engaging with relevant stakeholders with interest in the CIB’s sectors, Growth Plan initiatives and projects.

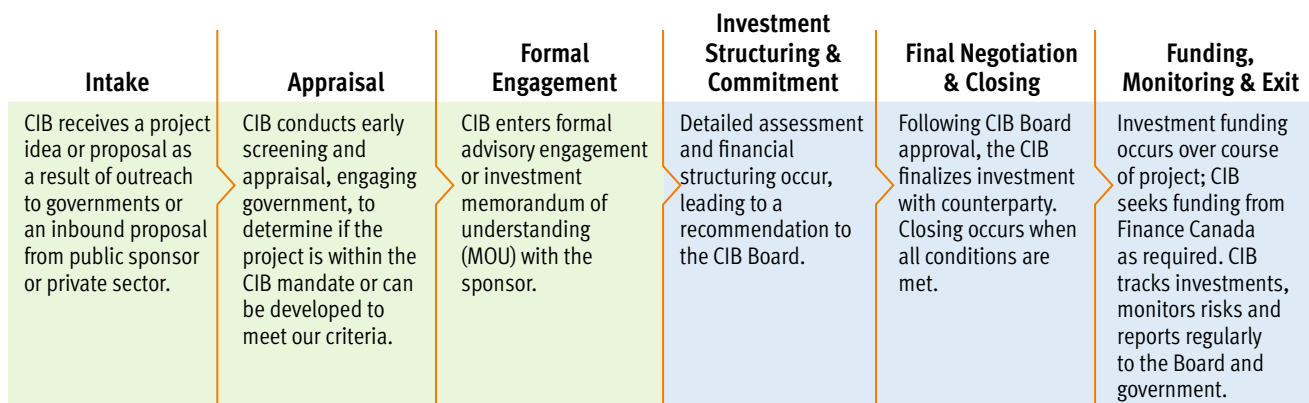
This comprehensive set of parameters or factors inform the CIB’s project investments based on its policies and decision-making processes. The CIB has a normal practice of reviewing its policies and processes to incorporate best practices and continuous improvement with oversight by its Board.

In its next corporate plan for 2021-22 and beyond, the CIB will present a longer-term strategy under the guidance of the CIB Board, the new CEO and senior management.

Description of Project Origination and Execution

Our Board-approved Investment Policy specifies that projects and related risks are overseen by our Management Investment Committee and the Investment Committee of the CIB Board of Directors at key decision points, with ultimate investment

approval resting with the CIB Board of Directors. We take a systematic and disciplined approach to project origination and evaluation, with appropriate risk management. The process is summarized below.



Overview of Innovative Approaches to Attract Investment

For all projects, the CIB Board will determine whether or not to invest in any given project, in accordance with the process outlined above regarding CIB investment decision-making.

For clarity, that means that the CIB Board will be the decision-maker around all investment approvals required, including those projects that are in the approved priority sectors but are outside of the Growth Plan, those projects that are part of the Growth Plan, and those projects in the previous corporate plan process.

All new projects that are outside of currently approved priority sectors will require the concurrence of Government before the Board may proceed with an investment.

While the CIB is guided by investing \$35 billion in priority sectors, the CIB is refining its approach which is a natural evolution of the organization. This evolution, which can be described as a shift to a 'program-based approach' will empower the CIB to take a leadership role particularly in delivering on innovative investments in infrastructure with oversight and accountability provided by the CIB Board.

The methods to attract private sector investment and create new ways to pay for transformational infrastructure are consistent with the rigorous Investment Policy and decision-making processes within the CIB.

A positive and distinguishing attribute of the CIB is that it will work with project sponsors, including governments across Canada, to customize investment solutions that attract private capital while achieving goals that benefit Canada.

The CIB attracts and leverages private sector and institutional investment in revenue-generating infrastructure projects that are in the public interest. Over time, this could also involve the expansion of usage-pricing and/or revenue risk transfer from the public to the private sector. Catalyzing revenue-generating projects is a distinct element of our role and

a new approach to infrastructure delivery in Canada. The CIB's financing can be provided using multiple financial tools, such as equity, loans, derivatives, or other products to support certain transformational infrastructure projects that would otherwise be delivered traditionally by using grant funding, or not delivered at all.

The CIB will employ investment approaches and project structures that lead to private sector investment over the lifecycle of a project. The CIB will be innovative with investments not just up front at the onset of projects but potentially over the lifecycle of a project with private capital being attracted at later stages of project execution and operations. Also, CIB financing could be used to enable up-front investments in infrastructure assets that create savings over the project lifecycle, therefore creating new value and cash flow that can benefit the project sponsors as well as service the CIB financing. Balancing risk transfer with the private sector and public sector partners will always be an important consideration for any CIB investment.

For example, to encourage private and institutional investors to participate in infrastructure projects, the CIB uses innovative approaches such as a backstop commitments prior to procurement, and a standardized approach to investing in smaller projects that individually would not attract private capital, but are replicable or scalable across the country. In addition, the CIB developed an approach for unsolicited proposals and transit-oriented development.

Backstop Commitments

A backstop commitment is assurance from the CIB to a public sector sponsor that the CIB will provide a maximum dollar amount investment on specific terms for a project. The CIB appropriately sizes and structures its participation to make a project viable with a market-appropriate return to private investors. This commitment is made prior to the project sponsor's selection of the private or institutional partners, and allows for market discovery of the financing gap that the CIB investment is targeting. Backstop commitments are generally made early in

the procurement process (i.e., before a request for proposals is launched), so that the CIB's financing is available to all potential proponents, and are structured to encourage the private sector to finance projects commercially to the greatest extent possible. As such, the ultimate amount of the CIB's committed investment will depend on the private investment capital attracted to a project. For example, the CIB has used the backstop commitment for its \$300 million financing towards the Contrecoeur port expansion.

Standardized Investment Terms to Scale Smaller Projects

The CIB is also developing an approach to investing in smaller infrastructure projects that could be replicated and aggregated into larger portfolios to attract private and institutional investors. The approach supports projects that would not otherwise be financed by the private sector, given their smaller investment size.

The CIB will target key sub-sectors where there is potential for a large number of smaller projects to result in transformative outcomes (e.g., municipal water, broadband, small renewable energy projects) and will develop standardized terms for such projects to be eligible for CIB financing.

Unsolicited Proposals Framework

The CIB has also created an unsolicited proposals framework that sets out the guiding principles and high-level processes of receiving, considering and advancing unsolicited proposals. The CIB reviewed global best practices in this area, engaged a consultant to synthesize recommendations and consulted with various public and private sector stakeholders, including the Government of Ontario, which published its own unsolicited proposals framework in fall 2019.

When the CIB is approached directly on an unsolicited proposal, we assess each proposal to determine whether it demonstrates potential to meet the CIB's criteria and mandate. Most importantly, the CIB will encourage the proponent of the unsolicited proposal to discuss the proposal with the relevant host jurisdiction or potential public sponsor. As the CIB is not a procurement agency, the framework calls for the CIB to act as intermediary between private sector innovators and public sector sponsors with infrastructure needs. The CIB finalized its unsolicited proposals framework and it will be posted on the CIB website in 2020-21.

CIB Growth Plan Initiatives and Long-Term Sectors

In cooperation with public and private partners, the CIB will invest \$35 billion in order to substantially increase investment in new infrastructure in Canada. The CIB continues to focus on priority sectors for investment including the initial transit, green and trade and transportation sectors, the broadband sector added in Budget 2019, and the clean power sector added to the 2019 mandate of the Minister of Infrastructure and Communities. Together, these five sectors serve as a focus for the CIB's work, including in the new Growth Plan outlined in this Corporate Plan Summary.

The CIB will continue to evaluate and develop other advisory and investment opportunities, including the rail corridor project between Quebec City and Toronto. More generally, the transit sector continues to be particularly important for the CIB's advisory and potential investment opportunities with FPTMI

partners. The Growth Plan is complementary to the existing and ongoing work that the CIB is doing across priority sectors.

The Growth Plan is a major step towards realizing longer-term targets for priority sectors where the CIB will invest \$5 billion in each of transit, green, trade and transportation, and clean power, as well as the substantial \$3 billion commitment to broadband. These longer-term targets have been established in federal government policy documents including infrastructure policies and budgets.

All funds required to implement this Growth Plan are part of the existing mandate to invest \$35 billion in new infrastructure, in cooperation with public sponsors and private and institutional investors.

CIB Growth Plan: \$10 Billion



Public Transit	Clean Power	Green Infrastructure	Broadband	Trade and Transport
Growth Plan: \$1.5B for zero-emission buses	Growth Plan: \$2.5B for clean power	Growth Plan: \$2B for energy efficient building retrofits	Growth Plan: \$2B for large-scale broadband projects	Growth Plan: \$1.5B for agriculture-related infrastructure
Long-term sector target: \$5B for ZEBs, LRTs, BRTs, subways, transit oriented development, commuter inter-regional and passenger rail	Long-term sector target: \$5B for clean power, renewables, district energy, storage, interties, transmission	Long-term sector target: \$5B for energy efficient building retrofits, water, wastewater, other green infrastructure	Long-term sector target: \$3B for unserved and underserved community broadband connectivity	Long-term sector target: \$5B for agriculture-related infrastructure, ports, freight, highways, roads, bridges, tunnels
Growth Plan: Project Acceleration \$500 million for project development and early works to shorten critical paths to construction				


Partnerships with Provinces, Territories, Municipalities, Indigenous Communities and the Private Sector

Through the Growth Plan, the CIB will implement six new initiatives, with total capital cost to the CIB of \$10 billion over three years, to make investments that will have immediate economic impact and result in long term positive economic, productivity and environmental outcomes.

Public Transit – Transit for Cleaner Commutes with \$1.5 billion for Zero-Emission Buses

What are the relevant federal priorities and linkages to relevant federal departments / programs?

While governments are allocating significant funds to public transit in Canada, there is more to do. Transit needs and the current list of transit projects materially outstrip the fiscal capacity of jurisdictions, and the CIB will look to play an active role in other transit investments.

The federal government has committed to supporting the adoption of zero-emission buses (ZEBs) across Canada. Specifically, the Minister of Infrastructure and Communities is tasked to work with provinces and territories to introduce new funding to help school boards and municipalities purchase 5,000 school and transit ZEBs over the next five years. The ZEBs Growth Plan initiative gives that commitment a significant boost in the next three years, setting up the government to achieve or surpass its commitment within five years.

Another key federal priority is making the federal commitment to fund public transit permanent and rise with the cost of construction over time. The long-term implementation of a financing stream for ZEBs from the CIB accomplishes that goal and allows transit authorities to make long-term planning and investment decisions knowing that the CIB's program will be available to finance ZEBs.

Finally, the federal government has committed to reducing its greenhouse gas emissions (GHG) by 30% below 2005 levels by 2030 and has set Canada on a path to achieve a prosperous net-zero emissions future by 2050. The transportation sector is a large contributor to GHG emissions, so the ZEBs initiative is an important step in furthering that priority.

What are the CIB's existing or future project types for the sector or Growth Plan initiative?

Investments in modern, sustainably operated transit are in the public interest. Investments in greener transit can reduce GHGs for Canada, provide citizens with cleaner and faster commutes, support the financial sustainability of public transit providers, and improve the quality of life for Canadians, particularly

those living in larger cities. Furthermore, the CIB is in active dialogue with public transit owners and project sponsors across the country regarding projects including ZEBs, light rail transit, bus rapid transit, subways, transit-oriented development, commuter inter-regional and passenger rail and more.

The CIB is already actively involved in a number of projects with its participation announced. For example, the REM was the CIB's first investment and is well advanced in construction. The CIB has also announced partnerships with the Government of Alberta and VIA Rail in various capacities on regional rail projects.

The CIB's ZEBs Growth Plan initiative allows transit agencies, municipalities and school boards to purchase ZEBs instead of emitting buses by financing the entire initial capital cost increase and taking the risk of operational savings promised by ZEBs materializing. The program would mean that transit agencies, municipalities and school boards could avoid the encumbrance of increased general debt and incentivize ZEB adoption and effective operations by allowing entities to keep additional savings generated beyond the CIB financing repayment amounts. In the medium term, once operational savings normalize, the CIB will seek to crowd private sector capital into the program by commercializing the debt.

How much is the CIB going to invest in the sector long term and through the Growth Plan short term?

The CIB has a long-term minimum target of \$5 billion for transit, and this includes the \$1.5 billion Growth Plan initiative focused on ZEBs.

What are the anticipated benefits and outcomes of the CIB investment in ZEBs?

Investments in modern, sustainably operated transit are in the public interest. In general, the CIB can provide innovative financing solutions for transit and specifically offer flexible financing for ZEBs and related charging infrastructure. The CIB's ZEBs initiative is expected to result in GHG reductions over the life of electric buses financed in the first three years, and create employment.

The accelerated adoption of ZEBs in Canada will also support the Canadian manufacturing capabilities, increasing and securing good middle-class jobs.

Although the rate of adoption of ZEBs and related charging infrastructure is difficult to accurately predict in early years, the CIB firmly believes there will be significant transition to ZEBs in the long term and therefore seeks to ensure sufficient and predictable financing capacity is in place to promote large, multi-year and group procurements among owners/operators. Expanding the use of ZEBs in Canada is a significant opportunity, and the CIB is part of the solution to deliver new buses and related charging infrastructure.

Clean Power – \$2.5 billion for Clean Power such as Interties, Renewables, Energy Storage and other Low-Carbon Energy Solutions

What are the relevant federal priorities and linkages to relevant federal departments / programs?

The federal government plays a leadership role in pursuing environmental and economic goals that contribute to Canada's sustainability and prosperity, including clean power. The federal government has committed to reducing its greenhouse gas (GHG) emissions by 30% below 2005 levels by 2030. The Government of Canada has also set Canada on a path to achieve a prosperous net-zero emissions future by 2050. Most recently, the mandate letter for the Minister of Infrastructure and Communities confirmed the commitment to invest in clean power.

Budget 2017 confirmed infrastructure initiatives that will support the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change, including priorities such as clean electricity grid interconnections.

Budget 2018 reiterated the focus to address climate change and grow the economy in the Pan-Canadian Approach to Pricing Carbon Pollution.

Budget 2019 highlighted progress being made under the Investing in Canada Plan and reiterated the importance of planning and financing projects that improve access to affordable, reliable and

Who are potential FPTMI public sector partners or project sponsors and general types of private sector partners?

The partners for transit projects include all FPTMI entities, and there is a more targeted set of provincial and municipal governments who are anticipated partners to create a critical mass of investments in ZEBs specifically. That list includes those entities that are most prepared to accelerate ZEB adoption in the short term. Also, there is a sector and industrial ecosystem related to ZEBs, and we expect Canadian suppliers and project developers to actively participate in projects.

clean electricity in the most effective way such as interconnections between provincial electricity grids and reducing the reliance on diesel and coal fired generation.

What are the CIB's existing or future project types for the sector or Growth Plan initiative?

The CIB can help address some of these challenges by filling gaps in the capital structure of certain projects such as inter-provincial interties, renewables, district energy systems, energy storage, and more.

Some Canadian jurisdictions continue to rely on fossil fuels for electricity generation. Their immediate neighbours have surplus renewable energy but lack the transmission interconnections required to move this clean power. The CIB may be able to contribute to solutions.

Proven energy storage technologies can also reduce reliance on fossil fuels by encouraging the use and expansion of what is currently surplus renewable energy generation. District energy systems require large upfront investments to build infrastructure that will benefit future users, and private capital is not able to fund these early-stage investments without clear and immediate sources of repayment.

The CIB is already active in the clean power space with projects announced including the MOU with Richmond BC's district energy project, the Pirate Harbour wind energy project in Nova Scotia, the Kivalliq hydro-fibre project MOU and the Taltson project advisory engagement. In addition, the CIB is actively involved in regional and interprovincial initiatives regarding interties and transmission opportunities.

How much is the CIB going to invest in the sector long term and through the Growth Plan short term?

The CIB has a long-term minimum target of \$5 billion for clean power, and this includes the \$2.5 billion Growth Plan initiative.

What are the anticipated benefits and outcomes of the CIB investment?

Reduction in greenhouse gases is in the public interest. New investment is required to improve interties and stimulate advancement of clean power generation,

distribution and use, such as with renewables and storage systems. As outlined in the mandate letter to the Minister of Infrastructure and Communities, clean power is part of the federal government's policies and priorities to strengthen economic growth and transition to a low carbon economy.

The clean power initiative is expected to result in GHG reductions over the life of projects closed in the first three years, and create employment.

Who are potential FPTMI public sector partners or project sponsors and general types of private sector partners?

The partners for clean projects include all FPTMI entities across Canada. The private sector partners range from fully integrated utilities (government and privately owned), pension funds, renewable developers, developers of energy storage systems, private equity firms, construction companies, operators, bank lenders, institutional lenders and bond underwriters.

Green Infrastructure – \$2 billion for Energy Efficient Building Retrofits

What are the relevant federal priorities and linkages to relevant federal departments / programs?

The federal government has identified energy efficiency (EE) as one of the most significant components of its plan to achieve a net-zero emissions economy by 2050, with EE measures representing 21% of Canada's greenhouse gas (GHG) emissions reductions between 2015 and 2019. EE aligns with Canada's goals under the Pan-Canadian Framework on Clean Growth and Climate Change, by reducing emissions and growing the economy.

The Canadian building sector, which was responsible for 17% of national emissions in 2014, has historically been a major contributor to the country's GHG emissions, due in large part to the high energy use intensity of buildings. The high energy usage is linked to deferred maintenance on roofs and windows but most importantly inefficient equipment such as heating, cooling and air distribution systems.

Energy efficiency aligns with the green infrastructure category of the Investing in Canada Plan, through

increased installation of clean energy and energy efficient technologies in the public and private sectors, as a means to improve air quality and/or reduce GHG emissions.

Energy efficiency also supports the intended outcomes of Budget 2019, which specifically includes mention of "reducing energy costs through greater energy efficiency."

The Final Report of an Expert Panel on Sustainable Finance commissioned by Environment & Climate Change and Finance Canada, suggested accelerating the development of a vibrant private building retrofit market.

While governments have moved to support small scale residential energy efficiency programs in the past, the CIB is focusing on a gap in the market and opportunity to create innovative financing for the buildings sector across Canada.

What are the CIB's existing or future project types for the sector or Growth Plan initiative?

Energy efficiency building retrofits are significant opportunity to have a material long-term impact on Canada's green infrastructure and related outcomes.

The CIB is currently engaged in discussions with a variety of public sector (particularly provincial and large municipal entities) and private sector partners.

The CIB anticipates that such aggregation models could be replicated across Canada with multiple private sector partners over the coming years, thus leading to an increased pipeline of investment opportunities. In addition, further discussions with large public and private sector building owners should accelerate such capital deployment.

The benefits of that model include crowding in private capital upfront for up to 60% of the total capital cost with the private developers taking full capital repayment risk through the actual energy savings realized during the contract term. Under such models, the public sector building owners are not required to invest any capital upfront nor provide loan guarantees to private sector investor. This new form of an Energy Services Company (ESCO) model, if successful, can serve as a precedent and be implemented nationwide at a large scale which will expedite the investment process and therefore achieving the emission targets sooner.

How much is the CIB going to invest in the sector long term and through the Growth Plan short term?

The CIB anticipates investing \$2B in building retrofits to improve energy efficiency over the next three years, as part of its overall \$5B target to green infrastructure.

What are the anticipated benefits and outcomes of the CIB investment?

The CIB will provide accessible debt financing for EE solutions across Canada and expects to lead to GHG reductions over the projected life of equipment financed and create employment.

Although the market will need to adapt to the large portfolio and aggregator approach proposed by the CIB, the extremely positive market feedback to date leads the CIB to firmly believe there will be significant appetite for the financing solutions proposed. Furthermore, the ambitious capital allocation and patient structure of the program will ensure that sufficient and predictable financing capacity is in place to promote the development of aggregators across market segments and regions of the Canadian market.

Who are potential FPTMI public sector partners or project sponsors and general types of private sector partners?

The partners for EE projects include all FPTMI entities, either directly through the procurement and private financing of EE projects for real estate portfolios owned by FTPMI, or through private sector aggregation vehicles targeting particular segments or regions of the Canadian market which may include buildings owned by smaller FTPMI. The project investors for large provincial or municipal portfolios are likely to be larger energy service companies, commercial lenders and established infrastructure fund investors. However, the typical project aggregator sponsors targeting the private sector building projects could include energy services, engineering firms, contractors, architects, building owners, building managers or infrastructure funds.

Digital Connectivity – \$2 billion for Broadband in Underserved Communities

What are the relevant federal priorities and linkages to relevant federal departments / programs?

The federal government has played a pivotal role in developing broadband to underserved areas in Canada. The 2016 federal "Connect to Innovate" program is expected to connect over 380,000 households to high-speed internet through its investment of \$500M.

In 2019, the Department of Innovation, Science and Economic Development (ISED) released the "High-Speed Access for All: Canada's Connectivity Strategy", which details the approach to address the digital divide between rural and urban Canada and the goal to connect all Canadians to at least 50/10 Mbps speeds by 2030.

Budget 2019 confirmed the commitment of the federal government to bring high-speed internet to 100% of Canadians by 2030. This goal is aligned with the policy objectives set by the Canadian Radio-television and Telecommunications Commission (CRTC), specifically its Universal Service Objective of at least 50/10 Mbps speeds for all Canadians (Telecom Regulatory Policy CRTC 2018-377).

The CIB and ISED have agreed to collaborate to encourage and jointly assess and enable large broadband projects within ISED's Universal Broadband Fund.

What are the CIB's existing or future project types for the sector or Growth Plan initiative?

In recent months, we have engaged with Internet Service Providers (ISPs) with a clear view towards large broadband projects, including discussions with specific large scale private sector companies who each have indicated, with varying degrees of details, they had one or more projects with the potential to connect significant numbers of households each.

As the CIB works with ISED to promote the development and funding of large broadband projects, we expect large ISPs to bring forward large broadband projects across Canada, and small to medium sized ISPs to do the same in regions where smaller projects could have a material impact on communities.

How much is the CIB going to invest in the sector long term and through the Growth Plan short term?

The short term (the next three years) CIB capital for the large broadband projects program is \$2B. Longer term, the CIB has a target to invest \$3B in the broadband connectivity initiative.

What are the anticipated benefits and outcomes of the CIB investment?

The CIB will provide significant capital across senior debt, subordinated debt, or equity investments. These investments will be made alongside contributions from ISED (and potentially provincial programs) and private capital from ISPs and private investors to connect hundreds of thousands of households across Canada to broadband internet with speeds of at least 50/10 Mbps. The CIB, in collaboration with ISED, will carefully review applications to ensure there is no duplication or overbuild in coverage, encourage scalability of technologies to catalyze the connection of further households and improve bandwidth over time. Such large-scale deployment of large broadband projects is expected to create employment across the country.

Who are potential FPTMI public sector partners or project sponsors and general types of private sector partners?

The partners for large broadband projects include all FPTMI entities and large and medium sized ISPs. The federal and provincial governments will principally play the role of co-funding partners, while territorial and municipal governments, and Indigenous communities will likely play supporting roles for local ISPs, which may or may not include financial support. These public sector partners can also play the role of providing supporting infrastructure to ISPs such as backbone access and poles/conduits where possible to lower overall project costs. Several ISPs have already obtained letters of support from local communities for large broadband projects and have shared geography mapping data with the CIB and ISED. Many of them have already received funding from federal and provincial programs for past projects and are well qualified and ready to build broadband networks for hundreds of thousands of households in the coming years.

Trade and Transportation – \$1.5 billion for Agriculture-related Infrastructure

What are the relevant federal priorities and linkages to relevant federal departments/ programs?

Building on Canada's worldwide reputation as a leader in agricultural production, the agriculture infrastructure initiative supports and aligns with the following federal priorities:

- Growth of a high-potential sector (i.e., agriculture and agri-food) as identified by the Advisory Council on Economic Growth (February 6, 2017);
- Innovation, Science and Economic Development Canada's (ISED) Protein Industries Supercluster objective to increase the value of key Canadian

crops, such as canola, wheat and pulses that are coveted in high-growth foreign markets as well as to satisfy growing markets in North America and Europe for plant-based meat alternatives and new food products;

- ISED's Report of Canada's Economic Strategy Tables: Agri-food (September 2018);
- Agriculture and Agri-Food Canada's (AAFC) Food Policy for Canada (June 2019);
- AAFC's Canada's food security dependencies (May 2020);
- Infrastructure Canada's (INFC) Rural Opportunity, National Prosperity: An Economic Development Strategy for Rural Canada (June 27, 2019); and
- Western Economic Diversification Canada's (WD) work to diversify the western economy while improving the quality of life of western Canadians and to help transition away from an economy dependent upon fossil fuels.

What are the CIB's existing or future project types for the sector or Growth Plan initiative?

Working with the provinces, which play a critical role in the agriculture and agri-food sector, and federal stakeholders such as AAFC and WD, the CIB has identified the following types of projects for the agriculture infrastructure initiative:

- Large-scale irrigation projects in Alberta and Saskatchewan (as further described below) to support productivity/output per acre;
- Broadband to support precision/smart farming to achieve productivity gains and reduce the use of pesticides and optimize the use of fertilizer;
- Resolution of transportation network bottlenecks to facilitate the timely export of agriculture and agri-food exports;
- Agriparks, urban and vertical farming to enhance Canada's food security; and
- Food storage facilities to enhance Canada's food security in scenarios such as pandemics.

While all of these potential project types are important to enhance agricultural infrastructure, the CIB's initial focus will be on large scale irrigation projects in Alberta and Saskatchewan.

How much is the CIB going to invest in the sector long term and through the Growth Plan short term?

In the short term (the next three years) the CIB intends to invest \$1.5B through the Growth Plan's agriculture infrastructure initiative, focused on irrigation projects in Western Canada. This potential for agriculture-related infrastructure is in the context of the \$5B for trade and transportation as a priority sector.

Additional consultations are planned with federal stakeholders (e.g., AAFC), the provinces, and other agriculture stakeholders to determine the CIB's long-term investment goal in the other project types and irrigation projects in other provinces.

What are the anticipated benefits and outcomes of the CIB investment?

Irrigated croplands produce a significantly higher revenue per acre compared to dryland. In Alberta, for example, it is estimated that irrigated croplands produce an average revenue of \$1,147/ha (\$464/acre) compared to \$260/ha (\$105/acre) for non-irrigated lands.

For the Growth Plan's irrigation projects, based upon data provided by the Government of Alberta and a consultant engaged by Western Economic Diversification Canada, it is estimated that the anticipated benefits include the creation of hundreds of thousands of acres of irrigated cropland, employment for the construction period of the irrigation projects, long-term employment over the 50 year life cycle of the projects, and an increase in GDP (direct, indirect and induced impacts) over the 50 year life cycle of the projects.

Who are potential FPTMI public sector partners or project sponsors and general types of private sector partners?

Although our initial focus will be on Alberta and Saskatchewan, all ten provinces and three territories are potential public-sector partners or project sponsors for the CIB's agriculture infrastructure initiative. Private-sector partners will range from collectives of irrigators (e.g., farmers) to large agriculture investment funds (both private and public pensions).

Project Acceleration – \$500 million for project development and early works across all priority sectors

The Project Acceleration initiative is intended to facilitate strategic and timely deployment of capital for development studies and early works activities in major infrastructure projects already in development. The objective is to shorten critical paths to construction and ultimately accelerate the realization of public benefits, including employment and GDP growth. Because this capital will be spent before due diligence is completed on whether or not the CIB will make an actual investment in the project, any capital deployed to fund development and early works activities would be structured for potential repayment by rolling these amounts into eventual CIB investments in those projects. In the event that the project eventually proceeds but without a CIB investment, then the CIB will be repaid out of cash available upon financial close.

For projects requesting early works funding (which would be more substantial amounts than development funding), before funding those works the CIB will require that an appropriate level of due diligence be completed and will satisfy itself that a CIB investment, while not certain, is highly likely.

Projects must satisfy the following criteria to receive CIB development funding:

- High probability of CIB investment in the project;
- Lack of sufficient development funding sources;
- Funding is likely to result in an increase in project likelihood and ability to speed up development; and
- Will increase CIB influence on project decisions and timelines.

The CIB's Growth Plan is focused on sectors all of which are part of the Government of Canada's

policy priorities. Opportunities for the CIB to make investments to accelerate projects will only focus on projects in these sectors – broadband, clean power, green infrastructure, public transit, and trade and transportation. In addition, CIB acceleration investments will focus on projects that are actionable in the short-term and have high probability for future CIB investment, following normal course CIB analysis and decision-making processes. Projects that receive CIB acceleration investment will also be required to be policy priorities for the public sponsor(s) in the relevant jurisdiction, although the public sponsor(s) will not be necessarily expected to also make an acceleration investment along with the CIB or other partners. Finally, the CIB acceleration investment is intended to have a measurable impact on the development of projects, such as faster timelines or more comprehensive due diligence, that can lead to CIB investment and project implementation that creates economic growth and other benefits.

Infrastructure is a source of stability and stimulus during the post-pandemic economic restart and recovery. While projects often take significant time to plan, opportunities to accelerate due diligence and early works on transformational infrastructure projects enable both short-term and long-term economic benefits. The CIB partners with public sponsors, including provinces and territories, municipalities and Indigenous communities, and by accelerating their priority projects, the CIB can contribute to positive intergovernmental cooperation and effective partnerships with the private sector.

Risk Management during Growth Plan implementation

The CIB has engaged in a thoughtful, methodical and rigorous process to develop the Growth Plan and its component initiatives. In doing so, and to supplement our in-house expertise, we have engaged in extensive consultations with key stakeholders and have hired consultants, with the required expertise and experience. All of these activities were undertaken with

a view to anticipating and mitigating the key risks of our implementation to the best of our ability.

3.4 Knowledge and Research Outlook

The CIB's Knowledge and Research role, previously described as the Data and Information function, intends to:

- Promote the understanding of infrastructure development, project financing and innovative

solutions within Canada by identifying and filling gaps in existing knowledge; and

- Collaborate with all orders of government and third-party organizations on producing and sharing targeted infrastructure research, thought leadership, data and information.

Knowledge and Research Approach

The CIB's Knowledge and Research role is complementary to and interconnected with Advisory and Investment responsibilities. The CIB's approach seeks to develop and distribute leading research that is relevant to the CIB's priorities for infrastructure development in priority sectors across Canada. By partnering with experts, Knowledge and Research can contribute to short-term objectives such as the Growth Plan and add to the CIB's increasing development as a centre of expertise, both of which are means to mobilizing public sector support for infrastructure investment involving the private sector.

Our focus is on filling knowledge and research gaps by collaborating and avoiding duplication, competition and overlap among research efforts. The ability to apply infrastructure knowledge and research to our future advisory and investment endeavours, should be a key consideration.

Work on the Knowledge and Research Policy and Strategy is moving ahead could include short-term priorities such as:

- accelerating strategically identified research topics/themes to demonstrate action;
- engaging with a network of thought-leaders to define and deliver knowledge and research that is net new to the Canadian infrastructure landscape;
- engagement with federal, provincial, territorial, municipal governments and Indigenous communities to develop and execute policy research initiatives; and
- building internal capacity that adds to the CIB's pursuit to be a centre of expertise.

Progress in this area so far in 2020–21 has included the hiring of a Senior Director responsible for research,

the creation of an internal Knowledge and Research Working Group, and initiation of a clean energy related research project in cooperation with a leading research institute. This progress is consistent with the outlook for the 2020–21 to 2024–25 planning period, during which time we will:

- increase awareness of new infrastructure investment models among public sponsors and relevant stakeholders;
- conduct topic and sector-specific targeted research that can be applied to and inform infrastructure investment; and
- expand our reach by tapping into our network of academic, research, think tank and industry organizations and supporting existing infrastructure thought leaders in Canada.

Knowledge and Research is an important way for the CIB to have bigger picture impact on infrastructure investment in Canada. It provides a substantive pathway through which the CIB can advance understanding to lead to better informed policy and investment choices. Knowledge and Research is particularly relevant to demonstrate to public sponsors that the CIB has the insight and expertise to be a valuable partner.

3.5 Corporate Services Outlook

Corporate services support our Advisory, Investment and Knowledge and Research activities and are delivered by personnel in finance, legal, human resources, technology, risk management, administration, corporate affairs, policy and communications.

In the 2020–21 to 2024–25 planning period, our corporate services employees will focus on the following outcomes:

- Continue to demonstrate the sound stewardship of public funds;

- Continue to ensure the CIB has the necessary expertise to support value-added advisory services and engage with sophisticated private and institutional partners;
- Promote the CIB as a centre of expertise;
- Maintain the shareholder's confidence and support in delivering the CIB's mandate; and
- Demonstrate transparency and results to Canadians.

To achieve these outcomes, we have set specific 2020–21 initiatives and targets and longer-term targets, which are presented in Appendix C.

Corporate Affairs, Policy and Communications

Our team will continue working to improve awareness of the CIB externally with partners, the media, thought-leaders, other stakeholders and the public.

Partnerships are essential to advancing all of the CIB's Knowledge and Research initiatives. Stakeholders, researchers, thought leaders and other governments have a large body of information on infrastructure topics and offer the CIB an opportunity to tap into the extensive network of external organizations with knowledge and research expertise.

Communications opportunities, platforms and products will continue to be tailored to each project and stage of advancement, and our overall corporate objectives. Communications about the projects in which the CIB is participating emphasize the CIB's partnership with public sponsors, the benefits of the transformational projects, the potential for private and institutional investor participation in the projects, and the CIB's innovative approach to advising on and investing in projects that are in the public interest.

Human Resources Outlook

The current staffing plan entails increasing the complement in 2020–21 to 81 full-time employees, from 49 at March 31, 2020. Human resource costs will increase in step with headcount. Independent contractors and consultants and CIB Board members are excluded from this number.

As a result of regularly calibrating our resource requirements, our full-time equivalent (FTE) estimates and related costs for 2020–21 have decreased relative to previous corporate plan estimates. The estimated resources takes into account the CIB's requirements to proceed with implementation of investments across priority sectors including the Growth Plan in 2020–21.

meet the CIB's business needs. A rigorous performance management and professional development process has been implemented to inform assessments of performance, opportunities for career and skill development, and compensation.

We have competitive compensation structures in place, which are informed by third-party consultants, and benchmarked against comparable organizations. The CIB Board has implemented an annual formal review of the compensation program to ensure a responsible approach and efficacy in attracting talent.

We view talent management as a continuous process that includes recruitment, onboarding, training, performance management and talent development to

Operations

A Corporate Governance and Compliance Policy Framework was approved by the Board of Directors, which includes the inventory of the CIB's legal obligations and describes the policies, procedures or other internal controls in place to address various legislative requirements. To our knowledge, we are fully compliant with our obligations.

The CIB is implementing a client relationship management (CRM) system and enterprise resource

planning (ERP) system to help streamline processes with scalable solutions that support future growth. The systems will increase the CIB's capabilities and increase control through the automation of workflows and audit trails, while maintaining a high level of security.

The CIB implemented its business continuity plan to maintain its full operations during the pandemic crisis.

Technology

We continued to enhance our IT systems and facilities by upgrading systems, technology and tools for all business lines and functional units.

In 2020-21, we expect to add technology for improved efficiency in processing expenses, contract management, risk management reporting and tracking, as well as performance management and human resources information systems.

3.6 Risk Management

As a Crown corporation entrusted with investing public funds, the CIB continues to adopt best practices for risk management, including development of an Enterprise Risk Management (ERM) program and an independent ERM function.

Enterprise Risk Management Program

As we implement our ERM Framework, clear roles and responsibilities were defined and communicated across the organization. The CIB employs the “three lines of defense” risk governance model, which is described more fully in Appendix F – Risk and Risk Responses.

An ERM Policy was reviewed and approved by the Board in 2019-20 and is being implemented.

Details about our ERM Framework and Policy are available in Appendix F.

In 2020-21, we will complete and begin to operationalize our ERM program, which will include a risk register and risk dashboards for tracking and reporting issues, respectively. This will ensure issues are communicated internally on a timely basis and managed or mitigated, as required.

An operational risk management program is currently under development.

Investment Risk Management

Investment risk management forms the largest part of the CIB’s overall ERM framework.

The CIB does not manage its portfolio risk to fixed investment allocations by sector, geography or fiscal year. As a result, the CIB will always have a more concentrated set of risk exposures than would be typical for an infrastructure investment portfolio of its size. Sectoral and industry concentration risks are an unavoidable consequence of the CIB’s mandate and role in the marketplace. The CIB will manage concentration risk by tracking expected losses against its fiscal envelope (i.e., \$15 billion that the Government of Canada will expense against the fiscal framework).

In 2019-20, the CIB designed an internal risk rating methodology to support the Advisory and Investments team through its transaction risk analysis and resulting investment risk rating for each investment under consideration. The methodology provides for a consistent approach to risk rating in accordance to best market practices.

3.7 Overview of Progress

The CIB's 2019-20 Annual Report contains information on our main activities and financial condition.

The CIB made meaningful progress on its 2019-20 strategic objectives, which were: 1) building organizational capacity; 2) championing and promoting new models for funding and planning projects; and 3) making strategic investments and using innovative tools for public infrastructure.

We announced participation – as advisors or investors – in transformational new infrastructure projects. Including the Réseau express métropolitain (“REM”) project announced in 2018-19 our portfolio includes projects across priority sectors, in various regions.

Using our infrastructure and investment expertise, we assessed 172 potential projects during the year which are at various stages of consideration by the CIB. Throughout the year we increased work with provincial, territorial, municipal governments and Indigenous communities to develop project opportunities for investment with the private sector.

Our participation in a diverse portfolio of projects illustrates how we delivered on the 2019-20 objectives, namely by: engaging with public sponsors across Canada to champion and promote new models; and making strategic investments, as a result of our enhanced organizational capacity.

CIB Participation in Projects to Date



Details on CIB Project Participation

Project	Priority Sector	CIB Participation	Public Sponsor	Policy Goals
Réseau express métropolitain (REM) (Montréal, QC)	Public Transit	Investment (August 2018)	Province of Quebec	Greenhouse gas reduction, lower congestion
GO Rail Expansion (Greater Toronto and Hamilton, ON)	Public Transit	Potential Participation (May 2019)	Province of Ontario, Metrolinx	Expanded access to two-way all-day regional transit
VIA Rail High Frequency Rail (Quebec City to Toronto)	Public Transit	Planning and pre-procurement activities (June 2019)	Transport Canada, VIA Rail	Faster, expanded, more frequent service within Quebec City to Toronto corridor
Lulu Island District Energy (Richmond, BC)	Clean Power and Green Infrastructure	Memorandum of Understanding (August 2019)	City of Richmond	Green, renewable energy for municipality
Contrecoeur Port Expansion (Montréal, QC)	Trade and Transport	Potential Participation (December 2019)	Port of Montreal	Economic growth through greater import and export
Taltson Hydroelectricity (Northwest Territories)	Clean Power	Advisory Engagement (August 2019)	Government of Northwest Territories	Clean power via hydroelectric plant
Pirate Harbour Wind Energy (Nova Scotia)	Clean Power	Memorandum of Understanding (December 2019)	Province of Nova Scotia	Economic growth and sustainability (clean power)
Kivalliq Hydro-Fibre Link (Nunavut)	Clean Power and Broadband	Memorandum of Understanding (February 2020)	Kivalliq Inuit Association	Renewable, sustainable and reliable hydroelectricity and broadband connectivity
Calgary-Banff Rail (Alberta)	Public Transit	Memorandum of Understanding (June 2020)	Alberta Ministry of Transportation	Improved transportation, economic growth
Agricultural Irrigation (Alberta)	Trade and Transport	Memorandum of Understanding (October 2020)	Government of Alberta	Expand agriculture production

4.0 Financial Overview



4.0 FINANCIAL OVERVIEW

This section describes the CIB's current and anticipated financial health and key factors expected to affect the financial planning over the five-year planning horizon. Financial statements, detailed operating and capital budget information and supporting tables are provided in Appendix E.

The CIB uses International Financial Reporting Standards (IFRS) when reporting to the public. It works with the Office of the Comptroller General of Canada to ensure appropriate reconciliation to the Public Sector Accounting Standards (PSAS) framework for the purposes of consolidating into government accounts.

4.1 Financial Management and Stewardship

The CIB has built a strong foundation in its operating and investment groups through the hiring of management, analysts and support staff. In addition, we are continuing to improve operational efficiency through the implementation of core systems to help streamline and support key business processes and internal controls. To fund near-term operating expenses, we will retain sufficient cash resources based on need. All operating expenses will be borne under Board-approved processes for monitoring such costs, and in line with the Directive on Payments to Crown corporations.

Funds for investment financing will be requested from the Government close to the time of project

investment draws, with suitable notice provided before any draw. The CIB will request its drawdown of appropriations in a manner consistent with the Directive on Payments to Crown corporations. Due to the long-term nature of infrastructure investments, it may be several years from the time of investment commitment until investments are fully funded and income is accrued or received. Although the CIB is earning investment income through a payment-in-kind arrangement on its first deal, income is not expected to be received in cash in this planning period. Depending on the final negotiated structures of new investment commitments, it is possible the CIB may receive cash income over the next five-year planning horizon.

4.2 Commitments and Investments

Infrastructure investing involves making a financial commitment to a project and making the cash investment over time. Given the CIB's unique mandate and approach to financing projects, a number of deals are expected to result in upfront commitments. Future funding amounts as noted in the capital expenditure budget are a best estimate of cash required based on our current investment pipeline. The investing pace will vary by project and may change over time; therefore, we will work closely with the Department of Finance to review the impact of investments on estimates and cash requirements.

The estimated capital budget for investments in 2020-21 is \$2.2 billion. Over the forward five-year planning period, the total capital budget forecasted for

investments is \$21.4 billion, including an estimated fiscal expense against those investments of \$9.1 billion (under PSAS).

The CIB has funded \$1.06 billion of its total financing commitment for REM during fiscal 2019-20 and funded the final draw in April 2020, as planned. Under IFRS and PSAS accounting standards, the appropriation amounts are accounted for through income.

In addition to infrastructure investing, the CIB provides advisory services to help support the development of projects. While advisory services are often provided directly by the CIB project development and investment staff, additional support

is sometimes required in the course of an advisory engagement. That support includes the funding of consulting fees incurred to assist project sponsors (either partially or in full) in the planning, pre-procurement and potentially the procurement phase of a project. These funds are not necessarily recoverable and do not guarantee the CIB's involvement in a project.

As part of that mandate, the CIB has been authorized to fund approximately \$55 million to partner with VIA Rail Canada and Transport Canada on options to transform the rail corridor between Quebec City and Toronto. The funds budgeted have been included in the advisory costs in the fiscal years, 2019-20 and 2020-21.

The CIB has been allocated \$35 billion to participate in infrastructure transactions. Of the \$35 billion,

Valuation of Investments / Credit Losses

The CIB business model is aimed at mobilizing and leveraging private sector and institutional investment and crowding-in investments to projects that may not otherwise be attractive to private investors. To accomplish this mandate, we must make equity and debt investments that are at a higher repayment risk or at risk of not earning returns in the near term. Providing federal support at below-market terms and writing down investments with appropriate risk is by design: it will crowd-in private sector investment, reducing overall costs to the government.

Some investments could be structured to earn returns that are realized only in the longer term. Under accounting reporting requirements these instruments must be fair valued using risk-based discount rates which could significantly reduce their fair value upon funding the investment. Our objective is to balance the dual goals of crowding-in private investment and managing the risk to the CIB, while the accounting-driven provisions reflect the calculation of fair value using accepted practices that do not account for crowding-in objectives.

The REM commitment was issued at a below-market interest rate with an effective blended 15-year rate of

the Government of Canada anticipates expensing \$15 billion against the fiscal framework. The CIB will deliver concessional financing, and may take a subordinated or below-market position in a project's capital structure or use other innovative instruments to crowd-in private sector investment. We therefore anticipate using the \$15 billion to manage risk within our investment portfolio to account for mark-to-market losses and investment losses, support our advisory services for public sponsors' projects and manage operations over the defined term of the CIB's mandate.

A bottom-up approach was used in determining the funding amounts required for fiscal 2020-21. Refer to the Capital and Investment budget section in Appendix E.

1.65%. The total fair value provision of \$496 million as reported in our financial statements is based on the fair value difference of the market interest rate (determined using valuation techniques acceptable under IFRS) and the effective interest rate of the loan.

The accounting for the REM loan provision under IFRS requires the provision be deferred and amortized. Under PSAS the provision would be expensed when recognized.

The accounting fair value provisions for future investment commitments in the financial projections are illustrative only. Of the \$21.2 billion planned to be committed to investments over the forward five-year planning period, the expectation is to incur an accounting provision of \$9.1 billion under PSAS. However, under IFRS the provision would differ depending on the market rate differentials determined at the time of commitment and/or funding. The \$9.1 billion estimate is the full value of federal support on projects of 43% (\$15 billion of \$35 billion) and is based on the CIB's long-term risk tolerance. Infrastructure transactions are long term in nature and therefore current estimates of provisions for investments will evolve. Future provisions will be impacted by the

nature of CIB investments (equity or debt), regular fair value measurement requirements and recognition of expected, and/or actual credit losses. Given the complexity in predicting the nature and structure of new commitments and associated market/credit risk, a long-term average was assumed.

The types of investments underwritten will impact the potential range of losses or provisions accrued. For example, equity investments inherently have more volatility in value due to their higher underlying risk than secured debt investments. Therefore, it is to be expected that equity would draw a larger than long-term-average provision than would a secured debt investment.

The development and maturity of projects over time provides the CIB with portfolio data to re-evaluate risks on an ongoing basis and refine estimates of provisions or expected losses.

The actual accounting provision will be determined using industry standard valuation methodologies in compliance with the IFRS financial reporting framework. If more specific valuation information is available at the time of investment commitments, this will be reflected in future corporate plans.

The financial statements in Appendix E have been projected using IFRS reporting standards. Accounting differences exist in the PSAS reporting and IFRS as noted previously.

4.3 Operational Plan

The CIB has adopted best practices for the sound and rigorous stewardship of its financial resources. It continues to build capacity and capabilities across the organization to deliver on all three parts of its mandate: Advisory, Investment and Knowledge and Research.

Staffing and Compensation

The current staffing plan entails increasing the complement in 2020-21 to 81 full-time employees. Human resource costs will increase in step with head count. Independent contractors and consultants and CIB Board members are excluded from this number.

The CIB engaged third-party compensation and benefits consultants to assist in designing the compensation and benefits structure for employees, and evaluating benefits providers and solutions. The compensation structure was approved by the Board's Human Resources and Compensation Committee (HRCC), as delegated by the Board in November 2018. As planned, the HRCC and Board completed (in November 2019) a review after one year. In conducting the most recent review, the CIB again engaged third-party compensation consultants to validate that our compensation structure was reasonable and consistent with the principles that were established: i.e., to be at the midpoint of the market in which we compete for talent. The November 2019

review validated that the total compensation levels were within this target.

We offer market-competitive compensation, with a focus on total compensation (a mix of salary and variable performance incentive, with time-based deferrals where appropriate). Benchmarks are based on third-party providers' proprietary databases of entities in financial services, investment management and the public sector.

More details on staffing and the compensation assumptions are contained in Appendix E – Financial Statements.

Expenditures

The forecasted average annual operating costs are \$45 million over the forward five-year planning period on an accrual basis (excluding VIA Rail Joint Project Office). The increase in average annual operating expenditures versus the 2019-2020 fiscal year (\$21.7 million excluding VIA Rail Joint Project Office) is principally due to growth in the number of employees and engagement of specialized external expertise necessary in delivering on the ambitious Growth Plan.

The operating expenses include projected salary, short-term and long-term incentives, benefit costs and taxes for directors and employees, as well as estimated costs for professional fees, premises and equipment, communication, travel, information technology and administration.

As our internal teams and capabilities grow and the scope of activities expands, the volume of travel related to stakeholder outreach, shareholder and governance meetings will rise. As discussed earlier in this plan, the CIB has significant opportunities to influence the infrastructure market and traditional solutions related to long-term projects, and meetings will be required to explain the support we offer, advise sponsors on projects, attend meetings related to investment deals and due diligence, attend industry conferences, and meet with our shareholder.

Revenue

Over the planning period, given the long-time horizon for infrastructure investments and the uncertainty in the final structures for new investment commitments, the CIB has not assumed investment income on future commitments for the purposes of this plan. Actual results will differ from our forecasts.

The CIB does accrue interest revenue on the REM secured loan. The revenue earned in the first 10 years is capitalized on the balance sheet at the total effective interest amount (capitalized interest plus accretive interest).

The CIB is consulting with government on the long-term treatment of investment returns.

Professional fees include deal-related consulting fees, and legal fees. Professional services may also augment staff resources when the CIB faces short-term increases in activity levels or special projects. As the organization continues to hire employees in 2020-21, we will also incur professional recruitment fees for some roles.

Operating expense projections, in general, have changed from the previous year's corporate plan projections. We continue to evaluate resource requirements in order to carry out our mandate, resulting in adjustments to the previous projections.

VIA Rail Joint Project Office expenses include amounts that the CIB committed to support the required due diligence and planning activities for the HFR project.

The CIB appreciates that our costs are funded through taxpayer dollars and we endeavour to use our resources efficiently and effectively, looking at a variety of cost-effective alternatives where possible. We have established policies governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences and events in close alignment with Treasury Board guidelines. These policies include processes for preparation and approval of expenses for reimbursement.

Appropriations and Cash Flow

Annual statutory appropriations for operating and capital (investment) purposes are shown individually on the Pro-forma Statement of Cash Flows in Appendix E. Actual requests to draw down capital appropriations will match financial commitments as per agreements signed with project counterparties.

The CIB has been given access to \$35 billion in appropriations for capital and operations, with a maximum of \$15 billion in fiscal expense.

Operating cash appropriations will cover all cash costs for the coming year and therefore varies from total expenses due to adjustments for accruals. The cash flow requirements are expected to be fairly even throughout each year, except for human resource costs, which ramp up in the early years of the planning period due to hiring. Given the low level of capital asset purchases, the CIB expects a nominal amount of capital appropriations for equipment correlated with headcount increases.

The CIB expects to make operating appropriation requests to the Department of Finance on a monthly basis, or as needed.

Appendices



APPENDIX A – Direction from Responsible Minister

As outlined in the Prime Minister’s mandate letters to Cabinet Ministers, the CIB’s collaboration with the Minister of Infrastructure and Communities and Minister of Finance, as well as other Ministers, will be essential to pursuing many of the government’s policy goals and the CIB’s priorities.

The Chair of the CIB Board is in discussions with the shareholder about priorities and accountabilities.

In the meantime, the CIB is guided in its activities by the December 2017 SPA, sent from the Minister of Infrastructure and Communities to the inaugural Board Chair.

APPENDIX B – Corporate Governance

The CIB is governed by the *Canada Infrastructure Bank Act* and is subject to other legislation and policies that apply generally to Crown corporations, including the general governance framework for Crown corporations in the *Financial Administration Act* (“FAA”) Part X, as well as requirements of the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the

Conflict of Interest Act, and the *Canada Labour Code*. It operates at arm’s length from government, ensuring that transactions are executed with commercial due diligence and discipline and high levels of expertise. The CIB reports to Parliament through the Minister of Infrastructure and Communities (the designated Minister).

Accountabilities and Audit Regime

Treasury Board approves operating and capital budgets through the annual corporate plan process. Once the corporate plan and capital budget are approved, the CIB Board is responsible for the final approval of specific project commitments.

The CIB Board of Directors is responsible for evaluating results and outcomes of the organization against planned objectives in the ongoing execution of its mandate. CIB Management is accountable to the Board of Directors and responsible for executing on the approved strategy and achieving planned objectives. As a normal part of its governance and oversight responsibilities, the Board reviews and approves the corporate plan, corporate objectives, individual investments and governance related policies and procedures. In addition, the Board receives regular reports from management on results through mechanisms such as investment progress reports, enterprise and investment risk reports and mitigation strategies, financial reporting, as well as summaries on overall organizational activities. The comprehensive Board oversight role will continue as the CIB implements investments in priority sectors including Growth Plan initiatives, to achieve results and outcomes.

Each year, the CIB’s Corporate Plan Summary and Annual Report are tabled in Parliament. These reports are made public on the CIB’s website. Its quarterly financial statements (unaudited) are made public (including by posting to the CIB’s website), as are summaries of travel and hospitality expenses for Board members and senior executives. The CIB also holds an annual public meeting and posts to its website the

related proceedings, presentations and responses to questions.

The audit regime consists of an external audit and an internal audit function.

The Office of the Auditor General of Canada (OAG) and an independent external auditor jointly conduct an annual audit of the annual financial statements to verify that they fairly reflect the CIB’s operating results and financial position in accordance with International Financial Reporting Standards (IFRS) and that the CIB is compliant with Part X of the FAA.

It is noted that the estimated cost for external audits in 2019–20 was approximately \$270,000, and that this serves as a reference point for budget purposes in in 2020–21.

The OAG also conducts a special examination at least once every 10 years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

Board of Directors

The CIB Act provides that the Board of Directors is composed of the Chair and no fewer than eight, but no more than 11, other directors. The Board is currently composed of 11 directors, including the Chair of the Board. All directors are appointed by the Governor in Council for terms not to exceed four years.

In planning for Board renewals and vacancies, the Board identifies the expiration dates of Board members whose terms will expire during the upcoming year, along with the skills and competencies the Board believes are needed to fill these positions. This information is communicated to the Minister by the Chair.

Michael Sabia, director of the Munk School of Global Affairs and Public Policy at the University of Toronto and former president and chief executive of La Caisse de dépôt et placement du Québec, was appointed April 2, 2020, as the chair-designate of the Board.

The following table sets out the members of the Board and their respective municipality of residence, appointment date and term of office. Biographies are available on the CIB website: <http://cib-bic.ca/en/governance/board-of-directors/>.

Director	Location	Appointment Date	Term
Michael Sabia, Chair of the board	Montréal, Québec	April 2, 2020	4 years
Kimberley Baird	Delta, British Columbia	November 16, 2017	2 years
Jane Bird	Vancouver, British Columbia	November 16, 2017	4 years
David Bronconnier	Calgary, Alberta	November 16, 2017	3 years
James Cherry	Elizabethtown, Ontario	November 16, 2017	2 years
Michèle Colpron	Saint-Lambert, Québec	November 16, 2017	4 years
Bruno Guilmette	Montréal, Québec	June 1, 2018	4 years
Christopher Hickman	St. John's, Newfoundland and Labrador	November 16, 2017	3 years
Poonam Puri	Toronto, Ontario	November 16, 2017	3 years
Stephen Smith	Toronto, Ontario	November 16, 2017	4 years
Patricia Youzwa	Regina, Saskatchewan	November 16, 2017	3 years

Board Committees

The Board is supported in its role and responsibilities by the following four committees. Each committee has its own charter, which is reviewed and approved

every year. The Board may establish other committees as required to assist the Board in meeting its responsibilities.

Finance and Audit Committee (FAC)	<ul style="list-style-type: none"> ▪ Provides oversight and makes recommendations to the board on the reporting of financial information, management control practices, risk management and insurance needs, and has the duties outlined in the FAA. ▪ Advises the board on matters related to financial statements, any internal audit of the CIB and the annual joint auditors' report. ▪ Reviews and advises the board with respect to any special examination, and any resulting plans and reports.
Governance Committee	<ul style="list-style-type: none"> ▪ Considers and makes recommendations to the board regarding corporate governance trends and best practices applicable to the CIB, including recommended changes to corporate governance policies, practices and procedures; board succession planning; the composition of board committees; director orientation and continuing education; board and director evaluations; and the CIB's director and employee codes of conduct and conflict of interest policies, guidelines and procedures.
Human Resources and Compensation Committee (HRCC)	<ul style="list-style-type: none"> ▪ Considers and makes recommendations to the board with respect to human resource- related principles, organizational structure and compensation philosophy that will guide the management of CIB's human capital and promote the achievement CIB objectives. ▪ Considers and makes recommendations to the board with respect to the compensation philosophy, including goals and objectives, relevant comparison groups and target compensation levels. ▪ Makes recommendations to the board regarding hiring of executive officers, employee pension plans and benefits, and succession and contingency planning.
Investment Committee	<ul style="list-style-type: none"> ▪ Considers and makes recommendations to the board on all investment proposals, proposed investment strategies, and reviews the CIB's investment activities, performance, capital requirements and usage, and investment policies, standards and procedures and evaluates the effectiveness thereof.

Board Compensation

Remuneration rates for CIB Board members are set by the Governor in Council as follows:

- Directors: \$50,000 per annum
- Chair: \$100,000 per annum

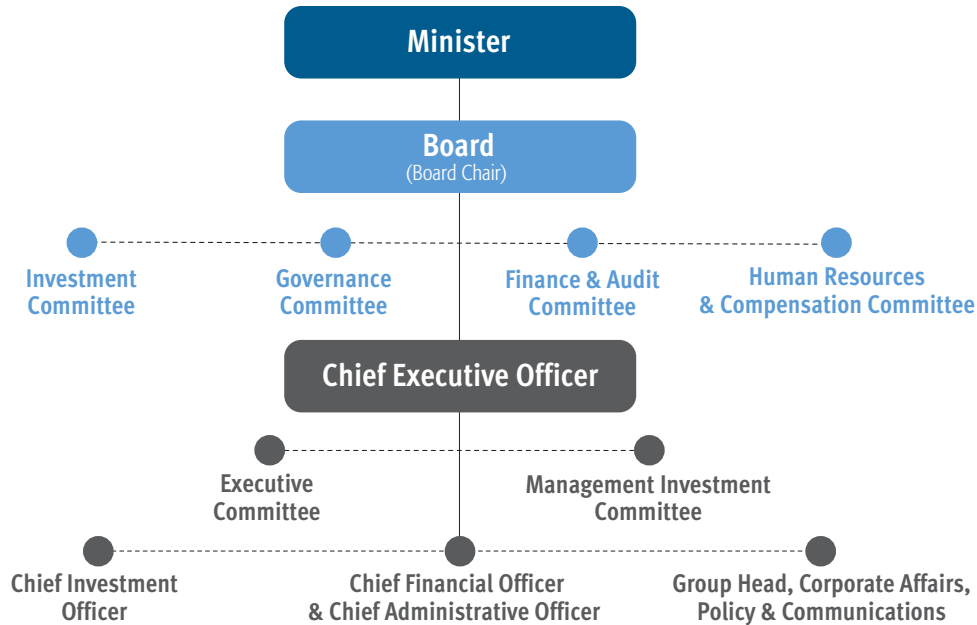
Board member attendance is disclosed in the 2019-20 Annual Report.

Organizational Structure

The Chief Executive Officer of the Canada Infrastructure Bank is appointed by the Governor in Council upon recommendation of the Board (the new CEO was announced on October 29, 2020). The Chief Executive Officer is responsible for management and operation of the CIB, and reports to the Board. On the recommendation of the Chief Executive Officer, the Board (or the HRCC if the authority is delegated

from the Board) appoints the other executive officers of the CIB and approves their duties and employment terms.

The Executive Committee includes the Chief Executive Officer and his or her direct reports and is responsible to deliver on the overall strategy of the organization, as approved by the Board.



Day-to-day operating decisions are handled by the Executive Committee, which is composed of the key senior executives listed below. The role of the Executive Committee is to provide senior leadership to

the CIB's operations and activities, and to implement the policies, procedures and directions provided by the Board of Directors.

Name	Title and Role
Ehren Cory	Chief Executive Officer Responsible for strategic business leadership and overall performance of the organization.
John Casola	Chief Investment Officer Responsible for advisory and investment strategy, capital deployment and asset management.
David Morley	Group Head, Corporate Affairs, Policy and Communications Responsible for government relations, policy, corporate planning, communications, media and stakeholder relations, knowledge and research.
Annie Ropar	Chief Financial Officer & Chief Administrative Officer Responsible for financial and enterprise risk management, legal and compliance, human resources and operations.

The Management Investment Committee (MIC) is responsible for overseeing the CIB's investment activities within the parameters established by the Board-approved Investment Policy. The MIC is composed of the Chief Executive Officer, the Chief Investment Officer, the Chief Financial Officer and

Chief Administrative Officer, the Head of Risk and other employees designated by the CEO. The MIC reviews projects at various stages with guidance from the Investment Policy and recommends investments to the Investment Committee of the Board.

















APPENDIX C – Planned Results















The CIB's planned results and performance measures support our purpose to transform the way infrastructure is planned, financed, and delivered in Canada.



In developing our planned results and performance measures for the next fiscal year and five-year planning period, we considered how our planned results relate to the CIB's mandate and to government priorities; what represents success for each major activity and for the CIB as a whole; and the fact that few comparators or benchmarks exist because the CIB has a new and unique role in the Canadian infrastructure market.








Our expected outcomes are guided by, and aligned with, our five strategic priorities, discussed in Section 3, and identified relative to the corporate objectives based on the following legend:





- **Deliver the CIB's Growth Plan**
- **Catalyze new infrastructure projects and new categories of infrastructure**
- **Attract private and institutional capital to Canadian infrastructure projects**
- **Promote creativity, new ideas and evolution in infrastructure practices**
- **Build a high performing and effective institution**

Function	Outcomes	Strategic Priority Alignment	Result Indicators	Targets 2020-21	Targets 2024-25	CIB Group Responsible
Advisory	Build productive relationships with public sponsors across Canada in all approved sectors including the Growth Plan initiatives	  	Public sponsor engagement in all regions across Canada to advise on and originate projects, including within Growth Plan initiatives	75 projects received per year	100 projects received per year	Project Development and Investment
	Deploy the CIB's expertise and capacity to provide value-added advisory services and work with public and private entities to support infrastructure investment	  	A robust pipeline of projects including within Growth Plan initiatives, resulting from assessment of projects at various stages of development, for potential CIB participation	25 projects appraised per year	30 projects appraised per year	Project Development and Investment
	Influence public and private market participants to increasingly use the CIB in order to deliver more infrastructure in the public interest	  	Public sponsors' engagement in actively considering non-traditional project structures, including within Growth Plan initiatives	Formal engagement on 12 project per years	Formal engagement on 15 project per years	Project Development and Investment
	Broaden the network of intergovernmental relationships with public sector entities	   	Active relationships with FPTMI infrastructure organizations	Maintain and strengthen FPTMI relationships	Maintain and strengthen FPTMI relationships	Project Development and Investment
	Position Canada as a leading market for infrastructure investment	  	Canadian inventory of infrastructure projects	Continue to develop project inventory with FPTMI agreement in cooperation with INFC	Evaluate costs and benefits of the project inventory	Project Development and Investment

Function	Outcomes	Strategic Priority Alignment	Result Indicators	Targets 2020-21	Targets 2024-25	CIB Group Responsible
Investments	Influence investment structure on projects, sectors or asset classes	   	Change in risk transfer profile, amount of crowding-in private capital, shift towards usage-based models	12 new usage-based projects in the year including across all Growth Plan initiatives	Demonstrate benefits of new usage-based projects since CIB inception including across all Growth Plan initiatives	Project Development and Investment
	Maximize infrastructure built from federal investment	 	Maximize impact of CIB investment	2x multiple of CIB capital to come from private sector, on portfolio basis (since CIB inception)	2x multiple of CIB capital to come from private sector, on portfolio basis (since CIB inception)	Project Development and Investment
	Facilitate new sources of revenue for infrastructure	 	Develop innovative revenue models	Two unique or new structures in the year	Demonstrate and continue to develop best practices of new sources of revenue for infrastructure since CIB inception	Project Development and Investment
	Promote delivery of environmentally friendly and resilient infrastructure	  	Identifiable environmental benefits from CIB projects	Positive contribution to environmental and resiliency outcomes (e.g. greenhouse gas reductions) on a portfolio basis	Positive contribution to environmental and resiliency outcomes (e.g. greenhouse gas reductions) on a portfolio basis	Project Development and Investment
	Invest in projects in all priority sectors	  	Manage a diversified portfolio of investments Aggregate/cumulative total investment commitments in priority sectors and initiatives (since CIB inception)	Make investment commitments in each of our priority sectors (since CIB inception)	~\$17 billion committed in all priority sectors (since CIB inception)	Project Development and Investment

Function	Outcomes	Strategic Priority Alignment	Result Indicators	Targets 2020-21	Targets 2024-25	CIB Group Responsible
Knowledge and Research	Increase awareness of new infrastructure investment models among public sponsors and relevant stakeholders	 	Support and participate in research-focused and thought leadership activities to facilitate the development and dissemination of information on the Canadian landscape of new infrastructure investment models that may attract private and institutional investment	<p>Develop internal capacity including a Knowledge and Research Policy and Strategy</p> <p>Facilitate the development of three research reports related to new models for infrastructure advisory and investment and CIB's priorities</p>	<p>Continue to develop internal capacity aligned to longer-term Knowledge and Research strategy</p> <p>Develop new five-year CIB Knowledge and Research strategy</p> <p>Facilitate the development of five events or initiatives</p>	Corporate Affairs, Policy and Communications
			Number of publications produced by third-party organizations	Facilitate the development of three events or initiatives		
			Influence innovation in infrastructure investment through a network of thought leaders and knowledge partners			

Function	Outcomes	Strategic Priority Alignment	Result Indicators	Targets 2020-21	Targets 2024-25	CIB Group Responsible
Corporate	Demonstrate sound stewardship of public funds	 	<p>Strong Enterprise Risk Management program, process and reporting</p> <p>Continuous improvement in systems and processes to ensure efficient use of resources</p> <p>Unqualified audit opinions</p>	<p>Operationalize risk reporting and escalation protocols, grounded in formal procedures</p> <p>Implement new financial accounting system to automate processes and improve controls.</p> <p>Unqualified external audit opinions</p> <p>Receive unqualified audit opinion and rating of “Satisfactory” on all internal audit reviews</p>	<p>Development of robust, auditable risk models</p> <p>Adopt best practices that emerge during the planning period.</p> <p>Unqualified external audit opinions</p> <p>Satisfactory rating on all internal audit reviews</p>	Administration & Finance
	Continue to ensure the CIB has necessary expertise to support value-added advisory services and engage with sophisticated private and institutional partners	 	<p>Competitive employee value proposition</p> <p>Recruiting and retention</p> <p>Systems and facilities availability</p> <p>CRM post-implementation user survey results</p>	<p>Formal articulation of the Total Rewards program in employee recruitment and onboarding.</p> <p>Employee turnover less than 20%</p> <p>>99% up time for systems availability</p> <p>80% or higher satisfaction rating</p>	<p>Formal professional development and career progression framework</p> <p>Employee turnover less than 10%</p> <p>>99% up time for systems availability</p> <p>N/A</p>	Administration & Finance
	Promote the CIB as a centre of expertise	  	<p>Expand partnerships with industry, business and community organizations</p> <p>Formalized partnerships, high quality speaking opportunities and industry-focused stakeholder initiatives</p>	<p>>Three partnerships in the year</p> <p>>20 speaking opportunities in the year</p>	<p>>25 total external partnerships and speaking opportunities</p>	Corporate Affairs, Policy and Communications

Function	Outcomes	Strategic Priority Alignment	Result Indicators	Targets 2020-21	Targets 2024-25	CIB Group Responsible
Corporate (cont'd)	Maintain the shareholder's confidence and support in delivering the CIB's mandate	 	<p>Demonstrate engagement, good governance and accountability to the shareholder</p> <p>Align with government priorities and secure decisions required to fulfill the CIB mandate, and development of annual corporate plan</p>	Operationalize direction set by Minister's mandate letter, SPA, Throne Speech, federal budget and Treasury Board direction	Engage with government to contribute to and implement policies priorities	CIB Executive
	Demonstrate transparency and results to Canadians	 	Publish information via CIB platforms and products in line with CIB communications policies and protocols	Update website, expand social media platforms, develop new print products	Modernize communications products and platforms	Corporate Affairs, Policy and Communications

Chair and Chief Financial Officer and Chief Administrative Officer Commitment

I, Michael Sabia, as Chair, and I, Annie Ropar, as Chief Financial Officer and Chief Administrative Officer, of the Canada Infrastructure Bank (“CIB”), are accountable to the CIB Board of Directors for delivering the results described in this corporate plan

and outlined in this appendix. We confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Michael Sabia,
Chair
Canada Infrastructure Bank
November 13, 2020



Annie Ropar,
Chief Financial Officer and
Chief Administrative Officer
Canada Infrastructure Bank
November 13, 2020

APPENDIX D – CFO Attestation

In my capacity as Chief Financial Officer and Chief Administrative Officer of Canada Infrastructure Bank (CIB), accountable to the CIB Board of Directors through the Chief Executive Officer, I have reviewed the corporate plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and material assumptions having a bearing on the associated financial requirements have been identified and are supported, with the following observations: Determination of accounting provisions or expected losses on investments are difficult to accurately estimate with the nascent stage of the organization's investing activities. These estimates will be refined over time with ongoing portfolio risk monitoring and loss experience.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations: Projects and investments assumed for the planning period are based on the best available information at the time. Due to the nature of infrastructure investing, transaction development, structuring, negotiation and agreements on commitments may take longer than anticipated.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions in the corporate plan, and options to contain costs have been considered, with the following observations: Resource requirements are based on the level of business activity assumed within the plan and the organization will actively adjust resource requirements to ensure cost containment opportunities are realized, without jeopardizing the execution of the CIB's mandate.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations, including observations with regard to appropriations that have not yet been approved:

As noted in item #2, the estimates provided are based on the best available information at time of writing; commitments and funding requirements may change.

5. The corporate plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan), with the following observations: This corporate plan outlines potential commitments and cash funding. Commitments to investments may involve multi-year funding requirements. Authority is being sought to enter into commitments for any of the transactions listed which are confirmed to meet the public interest test, some of which may or may not require cash funding in the 2020-21 fiscal year. Total project commitments will exceed the estimated cash funding requirements for the 2020-21 year. Once commitments are entered into, future funding obligations, regardless of fiscal period, must be fulfilled (if conditions precedent are met) in order for the CIB to meet its legal obligations under investment agreements. Accounting presentation of the financial statements is based on the CIB's interpretation of the relevant accounting standards, and is still subject to concurrence from the CIB's Joint Auditors, and therefore is subject to change.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the CIB.

In my opinion, the financial information contained in this corporate plan and budget(s) is sufficient overall to support decision making.



Annie Ropar
Chief Financial Officer and
Chief Administrative Officer
Canada Infrastructure Bank
November 13, 2020

APPENDIX E – Financial Statements

Pro-forma Statement of Financial Position (UNAUDITED)

As at March 31

(\$ thousands)	F2018-19	F2019-20	Planned				
			F2020-21	F2021-22	F2022-23	F2023-24	F2024-25
Current Assets:							
Cash	\$ 956	\$ 221,768	\$ 768	\$ 768	\$ 768	\$ 768	\$ 768
Government funding receivable related to operating expenditures	1,362	8,612	17,394	20,975	23,356	24,768	25,296
HST Receivable	715	416	828	862	875	887	899
Prepaid expenses and advances	25	105	105	105	105	105	105
	3,058	230,901	19,094	22,710	25,104	26,527	27,068
Non-Current Assets:							
REM Loan Receivable	550,914	1,075,132	1,317,853	1,339,937	1,362,391	1,385,284	1,408,496
Future Investments Receivables			4,872	24,445	65,126	130,570	223,240
Future Investments	-	-	1,948,600	5,871,100	10,362,100	15,734,100	21,203,100
Future Investments Provision (42%)*	-	-	(835,114)	(2,516,186)	(4,440,900)	(6,743,186)	(9,087,043)
	550,914	1,075,132	2,436,210	4,719,297	7,348,718	10,506,768	13,747,793
Right-of-use Asset		3,441	3,180	2,918	2,657	2,396	2,134
Property and equipment	1,604	1,423	2,084	1,688	1,356	1,093	869
	\$ 555,576	\$ 1,310,896	\$ 2,460,568	\$ 4,746,613	\$ 7,377,834	\$ 10,536,784	\$ 13,777,865
Liabilities and Shareholder's Equity:							
Current Liabilities:							
Deferred government funding related to investments	\$ -	\$ 221,000	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	2,039	8,506	15,314	17,373	18,882	20,112	20,614
Non-current liabilities:							
Deferred liabilities	862	512	2,852	4,372	5,222	5,389	5,422
Lease liabilities	-	4,014	3,798	3,572	3,346	3,111	2,855
Deferred government funding related to capital expenditures	1,604	1,423	2,084	1,688	1,356	1,093	869
	2,466	5,949	8,734	9,632	9,924	9,593	9,147
Equity	551,071	1,075,441	2,436,521	4,719,608	7,349,028	10,507,079	13,748,104
	\$ 555,576	\$ 1,310,896	\$ 2,460,568	\$ 4,746,613	\$ 7,377,834	\$ 10,536,784	\$ 13,777,865

*Refer to the Capital and Investment Budget section for the reconciliation of provision amounts using Public Sector Accounting Standards.

Accounting presentation of the financial statements is based on the CIB's interpretation of the relevant accounting standards and is still subject to concurrence from the CIB's Joint Auditors, and therefore is subject to change.

Assumptions - Pro-forma Statement of Financial Position

1. Cash is expected to remain at a steady level and it is assumed monthly draws are made for operating and capital expenditures when required.
2. Government Funding Receivable, Accounts Payable and Deferred Liabilities increase with expected year-end business and incentive accruals.
3. REM Loan Receivable is based on the scheduled annual drawdowns. It is increased annually for the capitalized interest earned and effective interest accretion realized each quarter. The loan is also reduced for the following assumptions:
 - a. Year 1 - fair value provision of approximately \$496M deferred and amortized over the term of the loan in accordance with IFRS 9. The provision is based on the fair value difference of the market interest rate (assumed to be the long-term government lending rate, subject to auditor sign-off) and the effective interest rate of the loan; and;
 - b. Credit loss allowance (subject to auditor sign-off and adjustment due to change in underlying risk factors) in F2019-20 of the REM loan.
4. Future investments after 2019-2020 of \$1.9B to \$5.5B per year is a best estimate of cash funding required based on the CIB's investment pipeline. For simplicity we have assumed these investments are loans receivable, however they could take on the form of equity investments.
5. The future investments provision (fair value or loss provision for future commitments) is based on the full amount of allowable loss on government appropriation for investment capital equal to 43% (\$15B/\$35B), less appropriations allocated to operating expenses and advisory services. Future provisions will be impacted by the nature of CIB investments (equity or debt), regular fair value measurement requirements and recognition of expected and/or actual credit losses. Given the complexity in predicting the nature and structure of new commitments and associated market/credit risk, a long-term average was used.
6. Property and Equipment is increased by computer systems implemented in F2019-20 for Investments (CRM) and Finance (ERP) and for additional computer equipment per new hire (\$3,000 per hire). Also, \$127,000 of capital expenditures for operations were included in fiscal 2019-20 for requirements from increased headcount.
7. Accounts payable and accrued liabilities includes the projected incentive compensation accrual based on projected staff. It includes the portion of the long-term incentive that is payable within 12 months (with the remaining balance accounted for in Deferred liabilities) and the respective short-term incentive amounts for each fiscal year.
8. Deferred liabilities include accruals for long-term incentives (the portion payable beyond 12 months). Previously this balance included deferred rent, however the application of IFRS 16 for leases resulted in the elimination of the deferred rent balance.
9. The lease liability – the CIB recognized a right-of-use leased asset of \$3.7 million and a lease liability of \$3.8 million as at April 1, 2019. The lease liability is based on the present value of expected lease payments and is amortized using the effective interest rate method. It is reduced by rent payments net of assumed interest expense and the right-of-use asset is amortized over the term of the lease on a straight-line basis.
10. Deferred government funding for capital expenditures is increased for capital purchases and reduced for depreciation each year.

Pro-forma Statement of Income and Comprehensive Income (UNAUDITED)

For the 12-month period ending March 31

(\$ thousands)	F2018-19	F2019-20	Planned				
			F2020-21	F2021-22	F2022-23	F2023-24	F2024-25
Revenue:							
Total Revenue	2,029	11,370	26,594	41,658	63,135	88,336	115,882
Expenses:							
Total operating expenses	11,376	21,706	41,087	44,270	45,749	46,626	47,404
Advisory Services							
VIA Rail	-	2,925	46,475	5,000	-	-	-
Total delivery cost	11,376	24,631	87,562	49,270	45,749	46,626	47,404
Net income (loss) before government funding	(9,347)	(13,261)	(60,968)	(7,611)	17,385	41,710	68,478
Government Funding							
Investment appropriations	549,000	513,000	221,000				
Operating appropriations	11,225	24,362	87,162	48,785	45,361	46,308	47,131
Capital appropriations	151	268	400	485	388	319	274
Government future appropriations			1,948,600	3,922,501	4,491,000	5,372,000	5,469,000
	560,376	537,631	2,257,162	3,971,770	4,536,749	5,418,626	5,516,404
Net income	551,029	524,370	2,196,193	3,964,159	4,554,135	5,460,336	5,584,882
Other comprehensive income							
Provisions – realized and unrealized			(835,114)	(1,681,072)	(1,924,714)	(2,302,286)	(2,343,857)
Net income and other comprehensive income	\$ 551,029	\$ 524,370	\$ 1,361,079	\$ 2,283,087	\$ 2,629,420	\$ 3,158,050	\$ 3,241,025

Accounting presentation of the financial statements is based on the CIB's interpretation of the relevant accounting standards and is still subject to concurrence from the CIB's Joint Auditors, and therefore is subject to change.

Assumptions – Pro-forma Statement of Income and Comprehensive Income

1. Fiscal 2019–20 numbers reflect actual results.
2. Interest income is comprised primarily from accrued interest from our REM investment plus interest earned on cash balances.
 - a. REM Interest Revenue is based on total effective interest (capitalized interest plus accretive interest) less the amortization of the loan provision.
 - b. The full loan provision is based on the present value of the fair value difference between market rate and the effective interest rate.
 - c. The loan provision is amortized over the life of the loan to the income statement through the amortization of discount and the amortization is recorded as a contra to interest revenue with the completion of each draw down.
3. Interest income from future investments: Given the CIB's unique approach to financing projects, the timing and amount of revenue on new commitments can vary significantly across deals, making revenue streams difficult to predict. We have assumed a baseline income for new investments to equal 50 basis points (bps) of funded investments. For reasons of simplicity we've assumed these are debt financed, however a number of them could take on the form of equity investments.
4. Compensation includes projected salaries, short-term and long-term incentives, benefits and taxes. More detail is provided in the following pages.
5. Professional fees include assumptions for deal related consulting expenses and will fluctuate commensurate with deal activity.
6. Travel expenses include airfare, lodging/hotel, and meals. Expenses are based on an assumed cost per employee for each department. As the company grows, the volume of travel related to stakeholder outreach, shareholder and governance meetings, investment due diligence and conferences is expected to increase.
7. Communication expenses are based on the current annual run rate.
8. Depreciation and Interest Expense: Due to the adoption of IFRS 16, interest expense is recognized on the lease liability and depreciation is recognized on the right-of-use lease asset. In addition, depreciation includes projected amounts for leasehold improvements, furniture and equipment and computer equipment. Computer equipment (a capital expenditure) is increased annually for each additional new hire.
9. Administration expenses include general and administrative expenses including, telephone, office supplies and training which are based on an assumed cost per employee for each department and other expenses such as insurance and non-recoverable HST/GST.
10. Information Technology expenses include assumptions for core systems and website development, as well as desktop and software support. This expense is expected to grow as the staff levels increase and new software is implemented.
11. Premises and Equipment is based on projected rental operating expenses for the 150 King Street, Toronto head office location and a nominal amount for existing satellite office space in Montreal.
12. Due to the early stages of the CIB's operations, a contingency of 10% of operating costs, excluding compensation has been included to account for uncertainties in estimates.
13. Advisory fees include consulting expenses for development studies completed on behalf of project sponsors.
14. Government funding (appropriations) are requested monthly to provide funding for operations, equipment, and requested as required for investment activities.

Assumptions – Resource Growth and Compensation

The CIB had 49 employees as of March 31, 2020. The current staffing plan entails increasing the full-time equivalent complement in 2020-21 to 81 employees. Human resource costs will increase in step with head count. The CIB will continue to be efficient in aligning its resources to its responsibilities. Independent contractors and consultants and Board members are excluded from the above numbers; when including the Board of Directors, the staff and director complement is expected to peak at 102 in 2024-25.

The Executive team continuously monitors and manages long-term staffing requirements to execute on the mandate, and the focus continues to be on resourcing the CIB predominantly with full-time employees. Contractors and professional service firms

are used to supplement resources when the CIB faces short term increases in activity levels or special projects. Contractor and professional service costs are included in the Professional Fees line in the financial statements, and such services are subject to the CIB's Procurement Policy.

We are committed to the principles of the Pay Equity Act. We maintain a formal compensation structure to establish pay on the basis of objective factors, including external survey data, required qualifications including education and experience. Annually, we review this structure to continually assess and enhance our practices. We monitor and implement an equitable compensation structure for all employees.

Pro-forma Statement of Changes in Equity (UNAUDITED)

For the 12-month period ending March 31

(\$ thousands)	F2018-19	F2019-20	Planned				
			F2020-21	F2021-22	F2022-23	F2023-24	F2024-25
Balance, April 1	\$ 42	\$ 551,071	\$ 1,075,441	\$ 2,436,521	\$ 4,719,608	\$ 7,349,028	\$ 10,507,079
Net income and comprehensive income	551,029	524,370	1,361,079	2,283,087	2,629,420	3,158,050	3,241,025
	\$ 551,071	\$ 1,075,441	\$ 2,436,521	\$ 4,719,608	\$ 7,349,028	\$ 10,507,079	\$ 13,748,104

Pro-forma Statement of Cashflows (UNAUDITED)

For the 12-month period ending March 31

(\$ thousands)	F2018-19	F2019-20	Planned				
			F2020-21	F2021-22	F2022-23	F2023-24	F2024-25
Cash provided by (used in):							
Operating activities:							
Net income	\$ 551,029	\$ 524,370	\$ 1,361,079	\$ 2,283,087	\$ 2,629,420	\$ 3,158,050	\$ 3,241,025
Items not involving cash:							
REM Interest Income	(1,914)	(14,040)	(21,721)	(22,085)	(22,454)	(22,892)	(23,212)
Interest income from future investments			(4,872)	(19,574)	(40,681)	(65,444)	(92,670)
Provision for losses	-	2,823					
Interest expense on office lease	-	90	90	80	80	70	50
Depreciation Right of Use asset	-	261	261	261	261	261	261
Depreciation - Capital	151	269	406	484	389	317	274
Capital Appropriations	(151)	(269)	(407)	(483)	(389)	(317)	(274)
Change in deferred liabilities	763	(349)	2,340	1,520	850	167	33
Changes in non-cash working capital:							
Change in Deferred government funding related to operating expenditures	(1,362)	(7,251)	(8,781)	(3,581)	(2,380)	(1,412)	(527)
Change in HST receivable	(510)	299	(417)	(34)	(16)	(9)	(12)
Change in Prepaid expenses and advances	(25)	(79)	-	-	-	-	-
Change in Accounts payable and accrued liabilities	1,393	6,467	6,808	2,060	1,510	1,231	501
Change in ROU asset due to deferred rent adjustment	n/a	129	-	-	-	-	-
Change in Deferred government funding related to operating expenditures	(7,107)	-	-	-	-	-	-
Deferred government spending related to investments	-	221,000	(221,000)	-	-	-	-
Change in Deferred government funding related to capital expenditures	(256)	88	1,067	88	57	54	50
Change in loan receivable			835,114	1,681,072	1,924,714	2,302,286	2,343,857
Loan disbursements	(549,000)	(513,000)	(2,169,600)	(3,922,501)	(4,491,000)	(5,372,000)	(5,469,000)
Total cash provided by/(used in) operating activities	(6,989)	220,808	(219,633)	395	362	362	356

Pro-forma Statement of Cashflows (UNAUDITED) (cont'd)

For the 12-month period ending March 31

(\$ thousands)	F2018-19	F2019-20	Planned				
			F2020-21	F2021-22	F2022-23	F2023-24	F2024-25
Investing Activities:							
Acquisition of property and equipment	(1,737)	92	(1,061)	(89)	(56)	(56)	(50)
Total cash used in investing activities	(1,737)	92	(1,061)	(89)	(56)	(56)	(50)
Financing Activities:							
Payment of lease liabilities	-	(88)	(306)	(306)	(306)	(306)	(306)
Share issuance							
Total cash provided by financing activities	-	(88)	(306)	(306)	(306)	(306)	(306)
Cash, beginning of the period	9,682	956	221,768	768	768	768	768
Net decrease in cash during the period	(8,726)	220,812	(221,000)	(0)	0	(0)	0
Cash, end of the period	\$ 956	\$ 221,768	\$ 768	\$ 768	\$ 768	\$ 768	\$ 768

Accounting presentation of the financial statements is based on CIB's interpretation of the relevant accounting standards, and is still subject to concurrence from CIB's Joint Auditors, and therefore is subject to change.

Operating Budget

The final audited operating costs for 2018-19 was \$11 million. For 2019-2020, the operating costs was \$25 million and the forecasted total operating budget on a cash basis over the five-year planning period is \$260 million. The original operating budget for 2019-20 was \$44 million, which reflected assumptions for significantly higher external professional fees related to transactions that ultimately did not occur, and for higher headcount than was implemented.

The CIB is undertaking advisory activities. The Joint Project office with VIA Rail increases the CIB's operating cash budget by \$55 million over multiple years. The Joint Project Office was established in fiscal 2019-20 and work has commenced with both VIA and external consultants. It is expected the majority of the funding will be used in fiscal 2020-21.

The operating budget is based on staffing plans and compensation assumptions previously described, including costs for employees, directors and contractors, as well as benefits and performance

pay. The operating budget is on a cash basis and therefore adjusted for short-term and long-term incentive accruals included in the income statement. In addition, it is adjusted for capital appropriations that were deferred on the balance sheet and reduced annually through operating appropriations on the income statement, as well as payments relating to base rent which are not directly expensed to the income statement as a result of lease accounting changes from the adoption of IFRS 16.

The budget also includes planned costs for travel and communications, IT and administration, professional fees, and a contingency. An overall contingency of 10% of non-compensation costs has been added because the pace of due diligence activity is difficult to predict. If activities occur on an accelerated pace, additional resources will be required. Increase in costs over the planning period is due to higher headcount and related transaction activity.

Operating Budget (UNAUDITED)

(\$ thousands)	Planned							Total Planned
	F2018-19	F2019-20	F2020-21	F2021-22	F2022-23	F2023-24	F2024-25	
Expenses:								
Compensation	\$ 5,975	\$ 16,053	\$ 16,330	\$ 20,480	\$ 21,780	\$ 23,950	\$ 25,533	\$ 108,073
Travel and communication	761	707	1,177	1,850	1,900	1,930	1,950	8,806
Premises and Equipment	647	875	672	672	672	672	672	3,358
Information technology	183	407	610	540	540	540	540	2,769
Administration	405	606	959	990	1,012	1,024	1,037	5,022
	7,971	18,648	19,747	24,532	25,903	28,116	29,731	128,029
Professional fees (Operations)	3,254	2,640	3,712	3,794	3,871	3,958	4,047	19,383
Professional fees (Investments)		320	10,000	10,200	10,400	10,600	10,800	52,000
Total professional fees	3,254	2,960	13,712	13,994	14,271	14,558	14,847	71,383
Contingency	-	-	1,763	1,860	1,886	1,915	1,936	9,360
Total operating expenses	11,225	21,608	35,221	40,386	42,061	44,590	46,514	208,771
Joint Project Office (JPO)	-	2,925	46,475	5,000	-	-	-	51,475
Development funding	-	-	-	-	-	-	-	-
Total delivery cost	\$ 11,225	\$ 24,533	\$ 81,696	\$ 45,386	\$ 42,061	\$ 44,590	\$ 46,514	\$ 260,246

Capital and Investment Budget

The capital budget for 2019-20 is \$513 million (inclusive of investments and other corporate assets). The original investment budget for 2019-20 was \$1.513 billion. The variance was due to planned funding of investments that were not finalized during the year. As is the nature of long term infrastructure investing, timing of funding are best estimates only and actual funding will be dependent on timing of financial close, which will often vary from estimates. Over the five-year planning period, the total capital budget is forecasted at \$21.4 billion. The forecasted capital costs include both new and existing investment commitments and corporate assets (such as computer software and equipment and furniture).

Capital and Investment Budget (UNAUDITED)

(\$ thousands)	F2018-19	F2019-20	F2020-21	F2021-22	F2022-23	F2023-24	F2024-25	Total Planned
New Investment Commitments	\$ -	\$ -	\$ 1,948,600	\$ 3,922,501	\$ 4,491,000	\$ 5,372,000	\$ 5,469,000	\$ 21,203,100
Existing Investment Commitments		513,000	221,000					221,000
Corporate Assets/ Leaseholds	1,737	(92)	1,061	89	56	56	50	1,312
Capital and Investments	\$ 1,737	\$ 512,908	\$ 2,170,661	\$ 3,922,590	\$ 4,491,056	\$ 5,372,056	\$ 5,469,050	\$ 21,425,412

PSAS Reporting

Given the CIB reports to government in accordance with PSAS, the table below is provided to help summarize the expected investment provisions as they would be recognized under PSAS. For periods after fiscal 2020-21 the table indicates no differences between PSAS and IFRS because deal structures are unknown.

Expected Investment Provisions under PSAS (UNAUDITED)

(\$ thousands)	F2018-19	F2019-20	Planned					Total Planned
			F2020-21	F2021-22	F2022-23	F2023-24	F2024-25	
REM Provisions	\$ -	\$ (2,823)	\$ (24,708)	\$ -	\$ -	\$ -	\$ -	\$ (24,708)
Future Commitment Provision/Credit Losses			(835,114)	(1,681,072)	(1,924,714)	(2,302,286)	(2,343,857)	(9,087,043)
	\$ -	\$ (2,823)	\$ (859,822)	\$ (1,681,072)	\$ (1,924,714)	\$ (2,302,286)	\$ (2,343,857)	\$ (9,111,751)

APPENDIX F – Risk and Risk Responses

The CIB mandate to provide infrastructure gap financing and the nature of our activities requires us to assume higher risks than those the private sector is willing or able to accept. By assuming higher risk, we are able to attract greater private sector investment allocation to the infrastructure asset class. We will manage and mitigate such risks prudently through an effective Enterprise Risk Management (ERM) program, and by building and promoting a strong risk culture across the organization.

Recent progress includes the establishment of a Board-approved ERM Framework, the hiring in 2019

of a Head of Risk and employees with specific risk management expertise, the development and Board approval of an ERM Policy, ongoing development of an internal investment risk rating methodology, implementation of policies and procedures, and employee training.

Where risks are assumed in line with the CIB's private sector-catalyzing mandate, they will be clearly identified, assessed and described as part of the approval process.

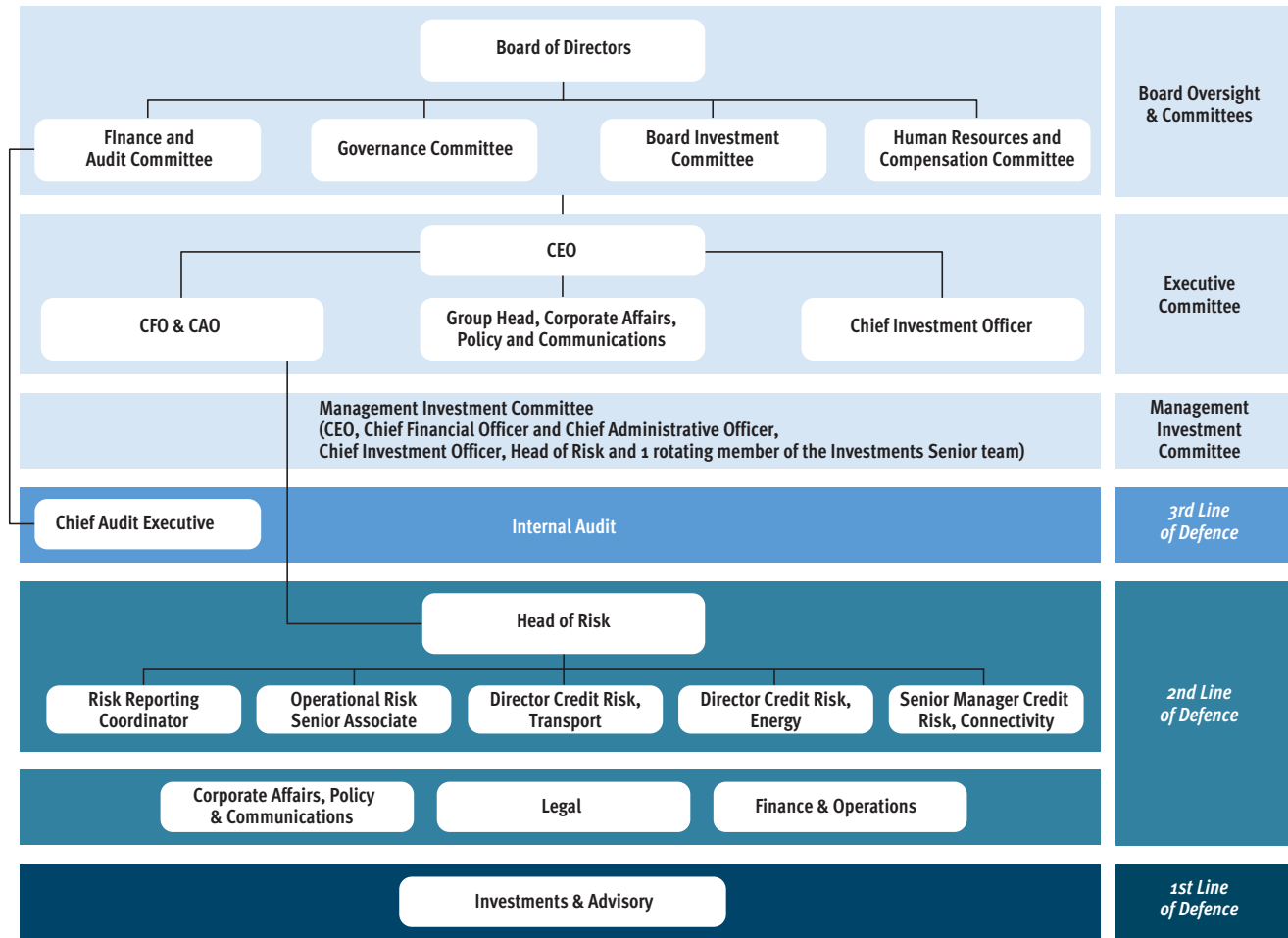
CIB's Risk Management Approach

The CIB recognizes that assuming some level of risk is an essential part of doing business, in particular given the context of our specific mandate and business model, which differ materially from those of traditional financial institutions. Accordingly, we are committed to a risk approach that supports timely identification, analysis, response, monitoring and reporting of risk, with learning experience incorporated as part of a dynamic risk process

Given the unique CIB mandate, we focus on integrating risk management within each department via processes, procedures and a strong risk culture in order to address and mitigate potential challenges early and efficiently, so as to create value for the organization.

We employ the “three lines of defense” risk governance model, shown in the diagram below.

Risk Governance Model



This risk governance model is further supported by:

- a risk taxonomy;
- a Risk Appetite Statement, which articulates the amount of risk the organization is willing to accept in pursuit of its objectives;

- an Enterprise Risk Management Framework;
- an Enterprise Risk Management Policy; and
- Risk management processes and procedures.

Risk Management Framework and Policy

The CIB's ERM Framework is intended to provide for effective risk management and controls to be implemented across the organization, and to ensure risks are managed effectively and in compliance with market best practices, the CIB's governance and legislative requirements.

business development, advisory, infrastructure data and operational activities. The policy applies to all CIB employees and activities.

Our Enterprise Risk Management Policy, which was reviewed and approved by the Board in November 2019, establishes the high-level principles that enable the CIB to manage and mitigate the key risks to which it is exposed as a result of our investing, lending,

Investment Risk Rating Methodology

In June 2019, the Enterprise Risk Management Plan presented to the Finance and Audit Committee of the Board included a plan to design and build an internal risk rating methodology to support the CIB's Advisory and Investments team through its evaluations and resulting investment risk rating for each investment under consideration. The methodology provides for a consistent approach to risk rating in accordance to

best market practices and forms the basis of the CIB's Expected Credit Loss (ECL) calculation, which in turn provides a quantitative, formal and consistent method of tracking ECL against the \$15 billion fiscal expense, followed by related internal reporting. Once the methodology is externally validated, and approved internally by the MIC, FAC and Board, it will be fully implemented.

Risk-related Policies and Procedures

A dedicated digital repository has been created where all CIB policies and procedures, including risk-related ones, are classified, stored and available to all employees. The ERM Policy includes: risk governance structure, roles and responsibilities of the different areas from the risk perspective; guiding principles and risk appetite; the various risks across the organization reflected in the risk taxonomy and risk responses for each of the key risks identified. Most policies and procedures are either approved and in place, or will be ready for Board approval during the 2020-21 fiscal year in order of priority.

An operational risk management program is currently under development.

APPENDIX G – Legislative and Policy Compliance

The CIB is governed by the *Canada Infrastructure Bank Act* and is subject to other legislation and policies that apply generally to Crown corporations, including the general governance framework for Crown corporations in the *Financial Administration Act* (“FAA”) Part X, as well as requirements of the *Official Languages Act*, the *Privacy Act*, the *Access to Information Act*, the *Conflict of Interest Act*, and the *Canada Labour Code*.

To manage and mitigate compliance risk, the Board of Directors approved the CIB’s Corporate Governance and Compliance Policy Framework (the “Framework”), which describes the principles and activities for the development and maintenance of the CIB’s corporate policies and related procedures. The Framework also catalogues the CIB’s various legislative and policy compliance requirements and describes the CIB’s reporting requirements and other obligations under its legislative accountabilities.

Access to Information

The *Access to Information Act* gives Canadian citizens, as well as individuals and corporations in Canada, the right to access records held by the CIB (subject to certain exceptions). The CIB is committed to transparency and meeting its obligations under the *Access to Information Act*, while protecting the information obtained by the CIB in relation to the proponents of, or privacy sector investors or institutional investors in, infrastructure projects. In our role of convening private capital in new infrastructure, the CIB will respect confidentiality with investors and will strike a balance between the requesters’ right of access and the protection of commercially sensitive, corporate and third-party information.

The CEO has delegated the powers, duties and functions relating to the *Access to Information Act* to the General Counsel & Corporate Secretary, who reports to the CEO on access to information and privacy requests. The CIB’s Access to Information Procedure describes the general principles and practices the CIB

has implemented to respond to access to information requests under the *Access to Information Act*. The CIB also regularly delivers training and education sessions on access to information to make its employees aware of their duties and legal responsibilities under the *Access to Information Act* to ensure we provide the public timely access to our information, subject to legitimate exception.

As mandated by the *Access to Information Act*, we publish on our website the annual report submitted to Parliament on the administration of the Access to Information Act, including the statistics on requests for access to information. The CIB’s disclosure practices are also aligned with the reforms to the *Access to Information Act* under Bill C-58, which received Royal Assent on June 21, 2019. The disclosure of travel and hospitality expenses for the CEO, senior executives and members of the Board of Directors is proactively published on our website within 30 days after the end of the month of reimbursement.

Privacy

The *Privacy Act* gives Canadian citizens, permanent residents and individuals present in Canada the right to access their personal information held by government institutions that are subject to the *Privacy Act*, and protects that information from unauthorized collection, use, retention and disclosure.

The CEO has delegated the powers, duties and functions relating to the *Privacy Act* to the General Counsel & Corporate Secretary, who reports to the CEO on access to information and privacy requests. To date, the CIB has not received any requests under the *Privacy Act*. The CIB has adopted the Personal

Information and Privacy Protection Procedure to describe the general principles and practices that the CIB's employees and agents must follow to protect personal information and manage this information with the utmost responsibility and care. The CIB limits as appropriate the collection, use and disclosure of personal information; identifies the purposes for which this information is collected at or before the time of collection; and protects the information with the appropriate safeguards.

Personal information collected and held by the CIB is listed in Personal Information Banks (and described in the Info Source chapter delivered to the Treasury Board of Canada Secretariat. The Info Source chapter provides information about the functions, programs, activities and related information holdings of the CIB. It also provides individuals and employees of the government (current and former) with relevant information to access personal information about themselves held by government institutions subject to the Privacy Act and to exercise their rights under the Privacy Act.

Official Languages

In June 2018, the CIB was informed by the Office of the Commissioner of Official Languages (“OCOL”) that it intended to investigate three complaints it had received. The complainants alleged that the CIB was unable to provide its services or communicate with the public in both official languages between June 2017 and May 2018, and that there was a lack of structure and organization with respect to communications and services in both official languages within the CIB.

In its final report, the Commissioner of Official Languages recommended that the CIB develop, within six months of receiving the final investigation report, a clear and specific action plan to ensure that its language obligations are considered in its organizational development, so that service of equal quality in both official languages is provided to the public at all times. The CIB delivered its action plan to the OCOL in August 2019. The OCOL delivered the preliminary version of the follow-up on December 4, 2019. The preliminary follow-up report confirmed that the OCOL's recommendations have been implemented and acknowledged the CIB's cooperation, prompt response in developing its action plan and other tools in order to meet its obligations under the *Official Languages Act*.

The CIB has put in place a governance structure and tools to comply with the *Official Languages Act*. In May 2019, the Board of Directors approved the Official Languages Policy, which describes the activities the CIB has adopted to implement its obligations under the *Official Languages Act*. In addition, the CEO

approved the Guidelines on Official Languages for Communications and Services to the Public, which describe practices and procedures in the area of communications with and services to the public in the official language of their choice.

The CIB's commitment to official languages is resolute and many of the activities described in the action plan are already implemented and monitored by the Official Languages Champion. Approximately thirty-three percent of the CIB workforce is bilingual and approximately twenty-five percent of employees have enrolled in training to improve their second official language capability. In August 2019, employees participated in a training session on the issues that pertain to Part IV, V, VI and VII of the *Official Languages Act*.

Ethical Business Conduct

The CIB has adopted a Code of Conduct for Employees and companion policies that reflect the highest standards for good governance, integrity and transparency. The Code of Conduct provides various rules and guidelines for ethical behaviour based on the CIB's values, applicable laws and regulations and corporate policies. Each employee is required, upon joining the CIB and annually thereafter, to certify their compliance with the Code of Conduct and acknowledge that they have a duty to prevent, correct and promptly report their knowledge of a potential breach of the CIB's policies.

The CIB adopted the Disclosure of Wrongdoing Policy for Employees, which describes the internal procedures for employees to disclose wrongdoing in the workplace or breach of the CIB's policies, legislation or regulations. The CEO designated the General Counsel & Corporate Secretary as the Senior Officer accountable for supporting the CEO in meeting the requirements of the *Public Servants Disclosure Protection Act*. Beginning in March 2019, the CIB undertook in-person training and education with all employees to promote honest and ethical conduct throughout the organization. The CIB has also set-up a confidential whistleblower reporting line available to employees to report concerns relating to issues under the Code of Conduct. This service is available 24/7, in both English and French, by phone or online.

The Board of Directors has also adopted a Code of Conduct and Conflict of Interest Policy for Directors. Directors must annually review and affirm their commitment to and compliance with these policies, which incorporate the duties and responsibilities under the *Conflict of Interest Act* and the Guidelines for Public Office Holders released by the Privy Council Office.

APPENDIX H – Government Priorities and Direction

The Canada Infrastructure Bank's priorities and activities focus on the infrastructure and investment spaces, and therefore are aligned with the government's *Investing in Canada* infrastructure plan. CIB activities also align with government-wide priorities in the following key areas.

Transparency and Open Government

The CIB supports and promotes the Government's priorities towards openness and accountability in a number of areas. The CIB openly reports to Canadians about its operations, investments and decision-making processes, while still respecting the confidentiality of commercially sensitive information obtained from partners and counterparties, as required under the *Canada Infrastructure Bank Act* and the *Financial Administration Act*.

An important initiative towards supporting this priority is the CIB's Communications and Stakeholder Relations Policy. The policy describes the guidelines adopted to ensure the CIB's internal and external communications are well coordinated, effectively managed and responsive to the diverse needs of the CIB's stakeholders. In accordance with our policy, we make available the following information on our website:

- Quarterly financial reports;
- Corporate Plan Summaries, including operating budgets and capital budgets, once submitted to the Minister and tabled in Parliament;
- Annual reports of our operations, including annual audited financial statements and auditor's report, once submitted to the Minister and tabled in Parliament;
- Travel and hospitality expenses incurred by Board members and senior executives;
- Annual reports on the administration of the *Access to Information Act* and the *Privacy Act*; and
- Annual public meetings and related documents.

The CIB proactively publishes its completed access to information request summaries on the Open Government portal (open.canada.ca) within 30 days of the end of the calendar month in which the requests were closed. The CIB also expects to publish its Info Source inventory of information holdings, as well as relevant details about personal information under its control, in 2020.

Each year, the CIB holds an annual public meeting to share financial and operational results as well as information on other priorities and plans. The public meeting provides an opportunity for the public to provide feedback and engage in a dialogue with the CIB's Board of Directors and CEO on matters directly relating to its business and operations. Following the public meeting, the CIB publishes on its website the related proceedings, presentations and responses to questions. The annual public meeting took place on January 23, 2020.

The CIB will continue to support increased transparency of its activities, operations, investments and decision-making processes over the planning period. This effort will include providing increased disclosure and access to information by employing a variety of ways and means – from traditional methods to digital approaches – to communicate to Canadians.

Gender-Based Analysis Plus (GBA+)

The CIB is assessing GBA+ and is in the process of identifying resources to consider, analyze and integrate GBA+ in the CIB's operational activities. CIB management understands that the federal government is committed to ensuring all Canadians benefit from investments made through the Investing in Canada plan.

Diversity and Employment Equity

The CIB has a diverse Board of Directors. Board members reflect gender, linguistic, cultural, and regional diversity. The CIB also seeks to reflect the diversity of Canada's population when recruiting for and filling available positions. We believe in creating a workplace that is grounded in mutual respect and supportive. Our values reflect a culture that is diverse, respectful and inclusive.

The CIB has a Diversity and Fair Employment Practices Policy, which states in part that:

“The Bank is committed to providing an inclusive, equitable, and respectful work environment for its employees, where diversity is valued. We will strive to

attract, hire, and provide fulfilling careers for highly talented individuals with diverse backgrounds and experiences and to create an inclusive environment to which our employees can bring a range of knowledge, ideas and approaches. The Bank supports and is firmly committed to observing the laws, regulations, and most importantly the spirit pertaining to fair employment practices.”

With approximately 50 people (as of June 30, 2020), the CIB is very mindful of being a model for inclusion and diversity. For example, forty-one percent of our team members identify as visible minorities, forty percent are women, and thirty-three percent are bilingual.

Indigenous and Northern Interests

The CIB will contribute to the government's commitment to achieve reconciliation with Indigenous communities, and to establish and maintain mutually respectful relationships.

The CIB recognizes the Crown has a duty to consult, and where appropriate, accommodate Indigenous communities when the Crown considers activity that might adversely impact potential or established Aboriginal or treaty rights.

Through its active engagement and outreach activities, the CIB meets with various groups across the country. Indigenous communities and organizations, along with stakeholders representing northern territories have pressed for considerations of the unique infrastructure gaps facing their communities and regions. The CIB has met with all three territorial governments to discuss their overall priorities and to identify potential

projects for CIB involvement. The CIB will continue to explore opportunities to work with Indigenous and Northern communities to understand the challenges and opportunities relevant to these communities' infrastructure needs, including how they intersect with our mandate.

Sustainable Development

The CIB makes investment commitments to projects that are in the public interest. One factor we consider is whether a project contributes to the sustainability of infrastructure in Canada. This could mean, for example, that a project contributes to the government's

ability to fund and maintain critical infrastructure assets for the benefit of Canadians over the long term, or that it would result in positive climate impacts and community benefits.

Safe Workspaces

The CIB recognizes that all employees have the right to work in a safe and healthy environment. Employees have the right to be informed of known or foreseeable hazards in the workplace, to participate in identifying and correcting job-related health and safety concerns, and to refuse dangerous work. At all times, the CIB and its employees are required to observe and comply with the requirements of Part II of the *Canada Labour Code* (Occupational Health and Safety), the *Canada Occupational Health and Safety Regulations*, any applicable government directives, and with internal policies. The CIB will provide health and safety information and training to employees and temporary/contract staff as required.

All CIB executives and employees have a responsibility to take all reasonable and necessary precautions to ensure their own health and safety as well as that

of other employees and of any person likely to be affected by acts or omissions. Employees are in the best position to identify any health and safety issues and to recommend and develop appropriate solutions, including implementing reasonable measures to secure the CIB's facilities and to promptly and diligently respond to workplace accidents or other emergencies.

We are also committed to providing a respectful workplace and culture that does not tolerate or condone workplace harassment, sexual harassment, discrimination or violence. The CIB has a Workplace Anti-Violence and Harassment Policy, the purpose of which is to minimize the risk of violence or harassment occurring in the workplace and to provide a process to be followed should an alleged incident or incident take place, or should an employee become aware of a potentially violent or harassing situation.

Accessibility

The CIB strives at all times to provide services in a way that respects the dignity and independence of persons with disabilities. We are committed to providing access to our facilities and delivering excellent service at all times in a way that respects the dignity and independence of all of our clients and visitors.

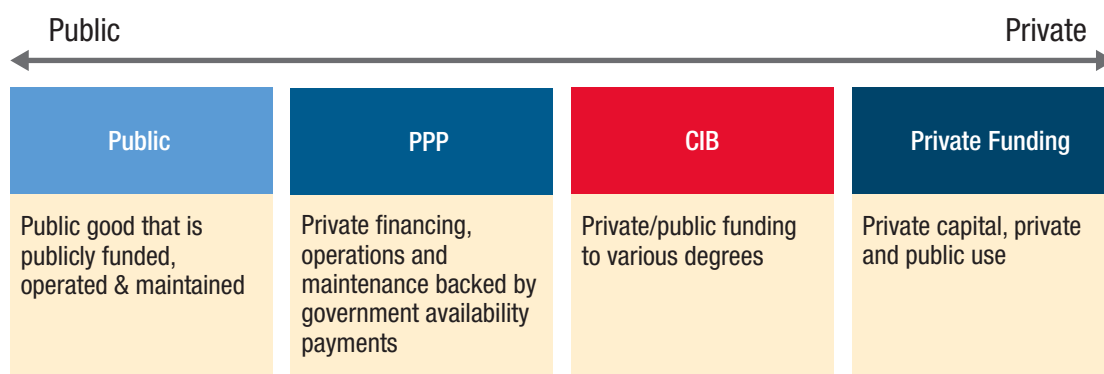
APPENDIX I – Delivery Models

Evolution of Project Delivery Models

The CIB approach to advising and investing involves transferring operational, maintenance, usage and/or revenue risk to the private sector where appropriate. Private and institutional investors are then motivated to ensure that projects are efficiently planned, developed, executed and managed.

More generally, traditional funding mechanisms for projects often include retained risks and corresponding costs to public entities most commonly incurred due to delays, cost over-runs, unanticipated risks and lifecycle maintenance.

The image below shows the range of delivery options along a public/private spectrum.



The CIB aims to act as a catalyst to move the Canadian infrastructure market towards increased risk transfer, balancing government construction-period contributions with long-term risk transfer over the asset lifecycle, greater private sector equity and debt investments, and the expansion of usage revenue and/or revenue risk transfer over time as a feature of transformational projects. By attracting private capital, we aim to reduce costs to government and help deliver more infrastructure than would have been possible using public funds alone.

Since our objective is to influence and increase the risk allocation away from the public sector when appropriate, the CIB is likely to consider investments in infrastructure projects where the model allows for increased investment by the private sector and improved allocation of commercial risks to private sector partners, including long term maintenance lifecycle and where possible, operations, usage and/or revenue risks. There may be situations where the direct transfer of operating risks, usage and/or revenue risks to a private partner may not be an appropriate, effective or value-added solution. As a result, the

ultimate project structure developed and model selected will depend on the sector, asset class, unique project characteristics, ability to transfer risks, market acceptability and policy considerations.

At all times, the CIB's objective is to structure transactions that allow improved risk transfer to the private sector, from what was originally intended by the public sponsor or is the norm in the asset class or sector. Projects in which the CIB makes an investment will take a long-term approach to planning and managing the asset by putting private-sector capital at risk, thereby aligning incentives between parties best able to manage those risks. This approach drives creativity in the planning and design of projects to better respond to the needs of users.

Delivery Models and Structures

Infrastructure projects are delivered through a variety of procurement delivery models and contractual structures that involve different degrees of private financing and risk transfer.

The primary difference between the various approaches is the increasing transfer of risk to the private sector and creation of efficiencies from lifecycle asset planning.

By engaging private sector expertise, PPPs can integrate multiple project elements into one performance-based contract allowing for appropriate risk transfer to the parties best able to manage these risks.

As seen below, at one end of the spectrum is contracting by the public sector to perform design and/or construction activities, either under separate contracts or a single contract. Such models are known

as Design Bid Build (DBB) or Design Build (DB). In the middle are arrangements that are publicly administered but within a framework that allows for private finance, known as Design Build Finance (DBF). As a general rule, the lack of sufficient risk transfer and private capital in the DBB, DB and DBF models means that the CIB will not be involved in projects that employ those models.

Conversely, the models most conducive to CIB involvement are those that involve design, build, finance, operate and maintain (DBFM/DBFOM) activities, both with and without usage revenue and/or usage risk transfer, because these models involve much more comprehensive risk transfer to the private sector and crowd-in greater amounts of private capital to stand behind those risks. The CIB can leverage its deep structuring experience and expertise to advise and help protect public sponsors in these projects.

Details of Financing and Risk Models

	Design Bid Build (DBB)	Design Build (DB)	Design Build Finance (DBF)	Design Build Finance Maintain (DBFM)	Design Build Finance Operate & Maintain (DBFOM)	DBFOM with Revenue/Usage Risk Transfer
Financing	Increased Private Sector Financing →					
Public	Public	Public	Public	Public	Public	Public
Private			Private (short-term)	Private (long-term)	Private (long-term)	Private (long-term)
CIB				CIB Financing	CIB Financing	CIB Financing
Risk Allocation	Increased Risk Transfer to Private Sector →					
Design	Public	Private	Private	Private	Private	Private
Build	Public	Private	Private	Private	Private	Private
Maintain	Public	Public	Public	Private	Private	Private
Operate	Public	Public	Public	Public	Private	Private
Revenue/usage	Public	Public	Public	Public	Public	Private
	Public-Private Partnership Models					

We will assess projects that use a DBFM model on a case-by-case basis. CIB involvement will depend on several factors, including: the nature of the specific asset (i.e., a new asset or a material extension/expansion of an existing asset), how the maintenance risk transfer is defined, the amounts of private capital involved, and whether the model or contractual structures have evolved. In other words, if a project was originally conceived as a DB or DBF, but through CIB involvement and advice, the public sponsor ultimately agrees to the greater risk transfer and private capital involvement of a DBFM model, then the CIB may consider investing in such projects.

Among the various PPP models, the DBFOM model is the most comprehensive, as it transfers the most risks from the public sector to the private sector, including those associated with maintaining and operating the asset. In this model, the public sector engages one private sector party (usually a special purpose vehicle made up of equity, debt and contracting and maintenance/operations capabilities) to manage the asset over a long-term period while locking-in price, risk, and quality standards. This allows for whole-of-life innovation and cost efficiencies. By transferring asset condition and lifecycle risk to the private sector, PPPs can not only encourage cost savings through innovation, risk pricing and whole-of-life trade-offs but also encourage the private sector to develop efficient designs with quality construction and finishes.

There are two main variations on the DBFOM model: projects where revenues are based on public or budgetary payments (government-pay PPPs, also known as availability-based PPPs) and projects where revenues come from payments based on usage (user-pay PPPs, also known in many countries as Concessions).

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